

**State of Montana**  
457 Deferred Compensation Plan  
December 31, 2005 Review

Consulting Team:  
**Howard Biggs**, Consultant  
**Kelly Richardson**, Director of Research  
**Bryan Shipley**, Analyst

PO Box 12759  
2045 NE Martin Luther King Jr. Blvd.  
Portland, Oregon 97212  
Phone: 503-239-0475  
Fax: 503-239-0369  
E-mail: [general@am-a.com](mailto:general@am-a.com)



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# Statement of Objectives

## Objective

The objective of this document is to review the mutual funds and commingled fund options in the 457 Deferred Compensation Plan for the State of Montana. The analysis covers the trailing one-, three-, and five-year periods ending December 31, 2005. Fund performance and risk are measured versus the criteria set forth in the Plan's Investment Policy Statement.

## Overview

Section Two contains Arnerich Massena & Associates' summary review of funds in the 457 Deferred Compensation Plan and any resultant recommendations. This section also includes one-, three-, and five-year return and risk scatter plots for all the funds and relevant indices. Section Three contains the attribution pages that provide performance, characteristic and characteristic information for each of the funds in the 457 Plan. Section Four contains a glossary, descriptions of widely used indices, and notes.

## Attribution Pages

The attribution pages for each fund contain the following information: 1) Sector Weights, 2) Country Weights (on International and Global portfolios), 3) Portfolio Characteristics, 4) Portfolio Statistics, 5) Russell/Mellon Analytics Return Percentile Rank, 6) Growth of Assets in Style, 7) Net Historical Performance, 8) Rolling Three-Year Performance Chart, 9) Up/Down Market Capture Chart, 10) Risk/Return Chart (on US Equity portfolios), 11) Manager Information, 12) Top Ten Holdings, 13) Portfolio Fee Information and 14) Fund Strategy. Equity portfolio sector weights represent the percentage of the portfolio exposure in eleven different sectors. Fixed income sector weights represent the percentage of the portfolio exposure in six different sectors. International and global country weights represent the exposure to different countries and regions. All of these measures are presented versus a benchmark. Portfolio characteristics describe such items as bond quality and maturity, equity market capitalization ranges and averages, the number of holdings and the top ten holdings as of the end of the period. Portfolio characteristics data is from September 30, 2005 unless otherwise stated. Performance data is as of December 31, 2005.

## Risk Statistics

Russell/Mellon Analytics rankings are based on relative performance within a defined group of similar products, with 1 being the highest relative to peers, and 100 being the lowest. The Morningstar rating is a "star" rating developed by that firm, where fund risk and return are quantified and then ranked versus other funds. The star rating system is based on a bell curve, where a risk-adjusted return that ranks in the top 10% versus the fund's category garners a five star rating. If the fund finishes in the next 22.5% it receives four stars, in the next 35% it receives three stars, in the next 22.5% it receives two stars and in the bottom 10% it receives one star. The Russell/Mellon Analytics Category comparisons are based on a specific group of funds. Russell/Mellon's style groups start with the funds in the Morningstar Categories. The funds must then pass multiple screens required for inclusion in a style group. This results in styles that are "pure" so that their risk/reward profiles and performance cycles are distinct, distinguishable, and relevant. The Up/Down Market Capture Ratios are determined by comparison to the respective index, which has an up/down-capture ratio of 100%. When the index is performing positively and a manager captures more than 100% of the rising





## Statement of Objectives (continued)

market (i.e., it has an Up Market Capture Ratio of more than 100%) it is considered offensive. When the index is performing negatively and a manager captures less than 100% of the declining market (i.e., it has a Down Market Capture Ratio of less than 100%) it is considered defensive.

### **Growth in Assets, Manager Profile, Fund Strategy, and Narrative**

Growth in assets quantifies the change in assets over time. Arnerich Massena tracks asset growth because we believe that too many assets under management, especially in smaller capitalization strategies, can detract from performance. Net historical performance is presented against appropriate benchmarks. We report net because this is the performance that an investor actually receives. The manager profile provides tenure for fund's lead portfolio manager(s). The fund strategy states the objective and strategy of the fund, in terms of what its goals are and the process used to achieve them. Finally, Arnerich Massena has provided limited narrative and recommendations regarding each of the funds based on the previously defined criteria. These recommendations are summarized in the fund narrative and recommendations section with the exception of the State of Montana Stable Value funds and the Profile funds. Narratives and recommendations on these options may be found on their respective attribution pages.



## Summary – 457 Deferred Compensation Plan

### Broad Fund Summary

Below is the fund line-up for the 457 Deferred Compensation Plan as of December 31, 2005. Neuberger Berman High Income Investor replaced Columbia High Yield during the year leaving single investment options at 17. Combined with five asset allocation funds there are a total of 22 options in the Plan. Arnerich Massena believes the current line-up of funds adequately covers all asset class and style requirements without excessive duplication. Please see the data sheets in Section Three for more detailed recommendations.

#### Fixed Income Funds

- Montana Fixed Fund -- PIMCO -- Retain
- PIMCO Total Return Admin -- Retain
- Neuberger Berman High Income Investor – Place on watch

#### Balanced Funds

- Dodge & Cox Balanced -- Retain

#### Asset Allocation Funds (additional information below)

- Montana Conservative -- Review
- Montana Moderately Conservative -- Review
- Montana Moderate -- Review
- Montana Moderately Aggressive -- Review
- Montana Aggressive -- Review

#### Large Cap Domestic Equity

- Davis NY Venture A -- Place on watch
- Vanguard Institutional Index -- Retain
- Fidelity Contrafund -- Retain
- Calvert Social Investment Equity A – Place on watch
- TCW Galileo Select Equities N -- Retain

#### Mid Cap Domestic Equity

- Hotchkis & Wiley Mid Cap Value A -- Retain
- Artisan Mid Cap – Replace

#### Small Cap Domestic Equity

- Neuberger Berman Genesis Trust -- Replace
- RS Diversified Growth -- Replace

## Summary – 457 Deferred Compensation Plan (continued)

### Global

- American Funds New Perspective R4 – Retain
- Mutual Discovery Z -- Retain

### International Equity

- Templeton Foreign A -- Replace
- Artisan International Investor – Place on watch

## Conclusions

Arnerich Massena recommends replacing four funds – Artisan Mid Cap Investors, Neuberger Berman Genesis Trust, RS Diversified Growth and Templeton Foreign A. Artisan Mid Cap Investors was removed from Arnerich Massena's approved manager list in September 2005, prompting the recommendation to replace the Fund with an alternative mid cap growth option. Both Neuberger Berman and RS Diversified Growth have been on watch for a year and have shown no signs of performance improvement. We have additional concerns about Neuberger Berman Genesis Trust's recent shift up the market capitalization range due to the growth of their assets under management. We believe this may not provide the Plan adequate small cap exposure going forward. Arnerich Massena recommended Calvert Social Investment Equity A and Artisan International Investor be placed on watch due to failure to meet the performance criteria set forth in the State's Investment Policy Statement. In addition, Neuberger Berman High Income Investor underwent significant investment management turnover as long-time portfolio manager Wayne Plewniak left the firm at the end of 2005. Neuberger Berman immediately moved the portfolio management responsibilities to their Chicago-based high yield team, which manages asset in a very similar fashion to how Plewniak had positioned the portfolio historically. Arnerich Massena recommends placing the Fund on watch to ensure the risk profile and capabilities of the new investment team are consistent with the history of the Fund.

## Fund Narrative & Recommendations - 457 Deferred Compensation Plan

### PIMCO Total Return Admin

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
PIMCO Total Return Admin outpaced the LB Aggregate and placed in the top quartile of its peer group over all time periods presented. PIMCO's Sharpe Ratio is above the mean versus the Russell/Mellon fixed income peer group for all extended time periods presented. PIMCO Total Return exceeds all of the criteria set forth by the State's investment policy. <b>Recommendation:</b> Arnerich Massena recommends retaining the PIMCO Total Return.		<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>			
	3-Year	0.8	0.6	0.6	2001	Intermediate Bond	3-Year ★★★★★
					2002	Intermediate Bond	
	5-Year	1.1	0.9	1.0	2003	Intermediate Bond	5-Year ★★★★★
					2004	Intermediate Bond	
					2005	Intermediate Bond	10-Year ★★★★★
			<sup>1</sup> Russell Category: Core Bond				
			<sup>2</sup> Index: LB Aggregate				

### Neuberger Berman High Income Bond Inv

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
Neuberger Berman High Income Bond lagged the Lehman Brothers High Yield Ba Intermediate Index for the quarter and year. The Fund's lower-than-Index duration continued to play a critical role in the Fund underperformance as this offering is significantly more conservative than the Index and peer universe. The above-Index Sharp Ratio indicates investors are being well rewarded for the amount of risk exposure taken. Long-time Portfolio Manager Wayne Plewniak left the firm at the end of 2005 which resulted in Neuberger Berman moving the assets to their Chicago-based high yield team. Like Plewniak, the Chicago-based team will focus their attention on the higher-quality range of the below-investment-grade market. They argue this segment of the market offers better risk-adjusted returns and can provide the coupon and principal stability they seek. <b>Recommendation:</b> Arnerich Massena recommends placing Neuberger Berman High Income Bond on watch due to the recent portfolio management turnover.		<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>			
	3-Year	1.5	1.0	0.8	2001	High Yield Bond	3-Year ★
					2002	High Yield Bond	
	5-Year	1.0	0.2	0.1	2003	High Yield Bond	5-Year ★★★
					2004	High Yield Bond	
					2005	High Yield Bond	10-Year N/A
			<sup>1</sup> Russell Category: High Yield				
			<sup>2</sup> Index: LB High Yield Int'l Ba				

### Dodge & Cox Balanced

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
Dodge & Cox Balanced has outperformed the US Balanced Index and placed in the top quartile of its peer group over all time periods presented. The Fund's value bias has been a significant tailwind in regards to performance for six consecutive years. Peer group rankings and Sharpe Ratio statistics meet all requirements set forth by the State's investment policy statement. Morningstar has given Dodge and Cox either a four or five star Rating over all time periods. <b>Recommendation:</b> Arnerich Massena recommends retaining Dodge & Cox Balanced as the balanced option.		<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>			
	3-Year	1.5	1.2	1.2	2001	Balanced	3-Year ★★★★★
					2002	Balanced	
	5-Year	0.8	0.1	0.1	2003	Balanced	5-Year ★★★★★
					2004	Balanced	
					2005	Balanced	10-Year ★★★★★
			<sup>1</sup> Russell Category: Balanced				
			<sup>2</sup> Index: US Balanced Index				

## Fund Narrative & Recommendations - 457 Deferred Compensation Plan (continued)

### Davis NY Venture Class A

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
Davis NY Venture was "on watch" for performance reasons in 2005. The Fund eased investor concerns somewhat by posting exceptional results for the year, while significantly outpacing its respective indices and the vast majority of its peer universe. For the trailing three- and five-year time periods the Fund outperformed the S&P 500 Index, but lagged the Russell 1000 Value Index. Three-year peer group rankings and Sharpe Ratio statistics meet the State's investment policy guidelines; however five-year rankings and statistics are not compliant from a peer group perspective. It should be noted that these ratings are based on Morningstar's large cap blend peer group, not the large cap value peer group as the Fund has moved to a more blend investment approach. <b>Recommendation:</b> Arnerich Massena recommends retaining Davis NY Venture A.	<u>Manager</u>	<u>Category Mean</u> <sup>1</sup>	<u>Index</u> <sup>2</sup>				
	3-Year	1.2	1.2	1.1	2001	Large Cap Blend	3-Year ★★★★★
					2002	Large Cap Blend	
	5-Year	0.1	0.1	-0.1	2003	Large Cap Blend	5-Year ★★★★★
					2004	Large Cap Blend	
					2005	Large Cap Blend	10-Year ★★★★★
<sup>1</sup> Russell Category: Large Value							
<sup>2</sup> Index: S&P 500							

### Vanguard Institutional Index

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
The Vanguard Institutional Index is passively managed and as such has performed in-line with expectations. The Fund meets all investment policy criteria. <b>Recommendation:</b> Arnerich Massena recommends retaining the Fund as the Plan's large cap index option.	<u>Manager</u>	<u>Category Mean</u> <sup>1</sup>	<u>Index</u> <sup>2</sup>				
	3-Year	1.1	1.1	1.1	2001	Large Cap Blend	3-Year ★★★
					2002	Large Cap Blend	
	5-Year	-0.1	-0.1	-0.1	2003	Large Cap Blend	5-Year ★★★
					2004	Large Cap Blend	
					2005	Large Cap Blend	10-Year ★★★★★
<sup>1</sup> Russell Category: Large Blend							
<sup>2</sup> Index: S&P 500							

### Fidelity Contrafund

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
Fidelity Contrafund literally led the pack of its large blend peers in 2005 while trouncing the performance results of the S&P 500 Index. The Fund meets all the criteria set forth in the State's investment policy statement. Style drift can be attributed to the Fund's stated ability to invest in both growth and value companies. <b>Recommendation:</b> Arnerich Massena recommends retaining Fidelity Contrafund as the 457 Plan's active large cap blend option.	<u>Manager</u>	<u>Category Mean</u> <sup>1</sup>	<u>Index</u> <sup>2</sup>				
	3-Year	2.0	1.1	1.1	2001	Large Cap Blend	3-Year ★★★★★
					2002	Large Cap Growth	
	5-Year	0.3	-0.1	-0.1	2003	Large Cap Growth	5-Year ★★★★★
					2004	Large Cap Growth	
					2005	Large Cap Growth	10-Year ★★★★★
<sup>1</sup> Russell Category: Large Blend							
<sup>2</sup> Index: S&P 500 Index							

## Fund Narrative & Recommendations - 457 Deferred Compensation Plan (continued)

### Calvert Social Investor Equity A

Fund Narrative	Portfolio Statistics - Sharpe Ratio				Morningstar Category Shift		Morningstar Rating	
<p>Calvert Social Investment Equity lagged the S&amp;P 500 Index during the quarter, which ultimately pushed performance below the Index for the year. Stock selection, particularly in technology and tech-related sectors, were the largest detractors to Fund performance. Trailing three-year performance, peer group rankings, and Sharpe Ratio statistics no longer comply with the State's investment policy criteria, however, five-year statistics remain quite impressive. <b>Recommendation:</b> Arnerich Massena recommends placing Calvert Social Investor Equity A "on watch" so the State can more closely monitor the Fund's performance during the coming year.</p>	<i>Manager</i>	<i>Category</i>	<i>Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	0.8	1.1	1.1	2001	Large Cap Blend	3-Year	★★
					2002	Large Cap Growth		
	5-Year	0.1	-0.1	-0.1	2003	Large Cap Growth	5-Year	★★★★★
					2004	Large Cap Growth		
					2005	Large Cap Growth	10-Year	★★★★★
<sup>1</sup> Russell Category: Large Blend								
<sup>2</sup> Index: S&P 500 Index								

### TCW Galileo Select Equity N

Fund Narrative	Portfolio Statistics - Sharpe Ratio				Morningstar Category Shift		Morningstar Rating	
<p>TCW Galileo Select Equities N struggled early in 2005, but gained ground throughout the year. Given the Fund's concentrated investment approach, performance struggles such as those experienced in the first quarter of 2005 are not out of the norm for this strategy as the investment team consider themselves long-term investors and are willing to stick through difficult periods as long as the investment thesis for a stock remains intact. The Fund ranks in the top third of its peer group over all trailing time periods with the exception of the past year. Sharpe Ratio statistics and Morningstar Ratings meet the State's investment policy criteria. <b>Recommendation:</b> Arnerich Massena recommends retaining TCW Galileo Select Equities as the Plan's large cap growth</p>	<i>Manager</i>	<i>Category</i>	<i>Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	1.2	1.2	1.1	2001	Large Cap Growth	3-Year	★★★★★
					2002	Large Cap Growth		
	5-Year	1.5	1.2	1.0	2003	Large Cap Growth	5-Year	★★★
					2004	Large Cap Growth		
					2005	Large Cap Growth	10-Year	★★★
<sup>1</sup> Russell Category: Large Growth								
<sup>2</sup> Index: S&P 500 Index								

### Hotchkis & Wiley Mid Cap Value A

Fund Narrative	Portfolio Statistics - Sharpe Ratio				Morningstar Category Shift		Morningstar Rating	
<p>Hotchkis &amp; Wiley Mid Cap Value A posted a mediocre year, slightly underperforming both the Russell Mid Cap Value Index and the Russell Mid Cap Index. Despite the near-term weakness, the Fund's peer group rankings and Sharpe Ratio statistics remain well above median versus the Russell/Mellon mid cap value peer group. Hotchkis &amp; Wiley has recieved the highest Morningstar Rating possible for all time periods. <b>Recommendation:</b> Arnerich Massena recommends retaining Hotchkis &amp; Wiley as the Plan's mid cap value option.</p>	<i>Manager</i>	<i>Category</i>	<i>Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	1.7	1.5	1.8	2001	Mid Cap Value	3-Year	★★★★★
					2002	Mid Cap Value		
	5-Year	0.8	0.5	0.3	2003	Mid Cap Value	5-Year	★★★★★
					2004	Mid Cap Value		
					2005	Mid Cap Value	10-Year	★★★★★
<sup>1</sup> Russell Category: Mid Value								
<sup>2</sup> Index: Russell Mid Cap								

## Fund Narrative & Recommendations - 457 Deferred Compensation Plan (continued)

### Artisan Mid Cap Investors

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
<p>Artisan Mid Cap Investors struggled through another difficult year from a performance standpoint. The Fund lagged the Russell Midcap Growth Index and Russell Mid Cap Index during 2005 in addition to trailing two-third of its respective mid cap growth peers. While the Fund finished the year with a strong quarter, it consistently underperformed the Index in each preceding quarter. Given these disappointing performance results, the Fund no longer meets the State's investment policy criteria from a performance, peer universe or Sharp Ratio perspective. Arnerich Massena removed Artisan Mid Cap Investors from the approved manager list in September 2005 due to concerns regarding significant asset growth within the strategy and the potential negative impact it may have going forward. Recommendation: Arnerich Massena recommends replacing Artisan Mid Cap Invertors with another mid cap growth option.</p>	<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	1.3	1.4	1.8	2001	Mid Growth	3-Year ★★★
					2002	Mid Growth	
	5-Year	0.1	-0.1	0.3	2003	Mid Growth	5-Year ★★★★★
					2004	Mid Growth	
					2005	Mid Growth	10-Year N/A
				<sup>1</sup> Russell Category: Mid Growth			
				<sup>2</sup> Index: Russell Mid Cap			

### Munder Small Cap Value Y

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
<p>Despite significantly outpacing the Russell 2000 Value and Russell 2000 Index in 2005, Munder Small Cap Value Y narrowly placed above the median manager in the small cap value peer group. The effectiveness of active management in small cap equities was clearly apparent in 2005 as the vast majority of the peer group outpaced the passively managed Index. Long-term results for the Fund remain exceptionally strong. The Fund meets all the criteria set forth in the State's investment policy statement on both the three- and five-year basis while receiving a 5 star rating from Morningstar in each respective period. <b>Recommendation:</b> Arnerich Massena recommends retaining Munder Small Cap Value Y as the 457 Plan's active small cap value option.</p>	<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	1.7	1.4	1.2	2001	Small Cap Blend	3-Year ★★★★★
					2002	Small Cap Blend	
	5-Year	0.8	0.6	0.3	2003	Small Cap Blend	5-Year ★★★★★
					2004	Small Cap Blend	
					2005	Small Cap Blend	10-Year N/A
				<sup>1</sup> Russell Category: Small Value			
				<sup>2</sup> Index: Russell 2000			



## Fund Narrative & Recommendations - 457 Deferred Compensation Plan (continued)

### Neuberger Berman Genesis Trust

Fund Narrative	Portfolio Statistics - Sharpe Ratio				Morningstar Category Shift		Morningstar Rating	
Neuberger Berman Genesis rewarded patient investors with stellar performance results in 2005. After being placed "on watch" in 2004, the Fund rebounded during the year, largely benefiting from the rally experienced in mid cap segment of the market. Even with the strong year, the Fund's three-year peer group ranking remains below median and performance still lags its respective indices. The swelling of assets under management in previous years prompted Neuberger Berman to close the Fund as the portfolio managers were struggled to put the new assets to work as evidenced by the significant exposure to more liquid mid cap stocks. <b>Recommendation:</b> Due to the Fund's inability to meet performance criteria set by the State, as well as its market capitalization drift into the mid cap space, Arnerich Massena recommends replacing Neuberger with another small cap value option.	<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>					
	3-Year	2.0	1.4	1.2	2001	Small Cap Blend	3-Year	★★★★
					2002	Small Cap Growth		
	5-Year	0.9	0.6	0.3	2003	Mid Cap Growth	5-Year	★★★★★
					2004	Mid Cap Growth		
					2005	Mid Cap Growth	10-Year	★★★★★
				<sup>1</sup> Russell Category: Small Value				
				<sup>2</sup> Index: Russell 2000				

### RS Diversified Growth

Fund Narrative	Portfolio Statistics - Sharpe Ratio				Morningstar Category Shift		Morningstar Rating	
RS Diversified Growth was placed "on watch" in 2004. Performance results in 2005 we less than inspiring as the Fund significantly trailed its respective indices and placed in the bottom decile of the small cap growth peer group. Trailing three- and five-year performance significantly trails both indices as well as a majority of the Fund's peer group. The Fund does not meet any of the State's investment policy criteria. <b>Recommendation:</b> Arnerich Massena recommends reviewing alternative small cap growth candidates to replace RS Diversified Growth as the 457 Plan's small cap growth option.		<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	0.6	1.1	1.2	2001	Small Cap Growth	3-Year	★★
					2002	Small Cap Growth		
	5-Year	-0.1	0.1	0.3	2003	Small Cap Growth	5-Year	★★
					2004	Small Cap Growth		
					2005	Small Cap Growth	10-Year	N/A
				<sup>1</sup> Russell Category: Small Growth				
				<sup>2</sup> Index: Russell 2000				

### American Funds New Perspective R4

Fund Narrative	Portfolio Statistics - Sharpe Ratio				Morningstar Category Shift		Morningstar Rating	
After finishing the year with a strong fourth quarter, American Funds New Perspective, essentially paced the MSCI ACWI Index in 2005. The primary positive driver of performance for the Fund was the overweight to foreign stocks in lieu of US based companies. The Fund's overweight in Europe dampened performance for the period. The Fund has matched the performance of the Index on a three year basis and remains near the top quartile of its peer group over the five- and ten-year time periods. <b>Recommendation:</b> Arnerich Massena recommends retaining American Funds New Perspective.	<u>Manager</u>		<u>Category Mean</u> <sup>1</sup>	<u>Index</u> <sup>2</sup>				
	3-Year	1.2	1.2	1.4	2001	World Stock	3-Year	★★★
					2002	World Stock		
	5-Year	0.2	0.1	0.1	2003	World Stock	5-Year	★★★★★
					2004	World Stock		
					2005	World Stock	10-Year	★★★★★
				<sup>1</sup> Russell Category: Global				
				<sup>2</sup> Index: MSCI ACWI				

## Fund Narrative & Recommendations - 457 Deferred Compensation Plan (continued)

### Mutual Discovery Z

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
Mutual Discovery Z posted another strong year in 2005, outperforming both the MSCI ACWI Value and MSCI ACWI. Peer group rankings and Sharpe Ratio statistics are excellent over all time periods. The Fund received five star Morningstar Ratings for the five- and ten-year time periods. <b>Recommendation:</b> Arnerich Massena recommends retaining Mutual Discovery Z as the 457 Plan's global value option.	<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	1.9	1.2	1.4	2001	World Stock	3-Year ★★★★★
					2002	World Stock	
	5-Year	0.7	0.1	0.1	2003	World Stock	5-Year ★★★★★
					2004	World Stock	
					2005	World Stock	10-Year ★★★★★
<sup>1</sup> Russell Category: Non-US Equity <sup>2</sup> Index: MSCI ACWI							

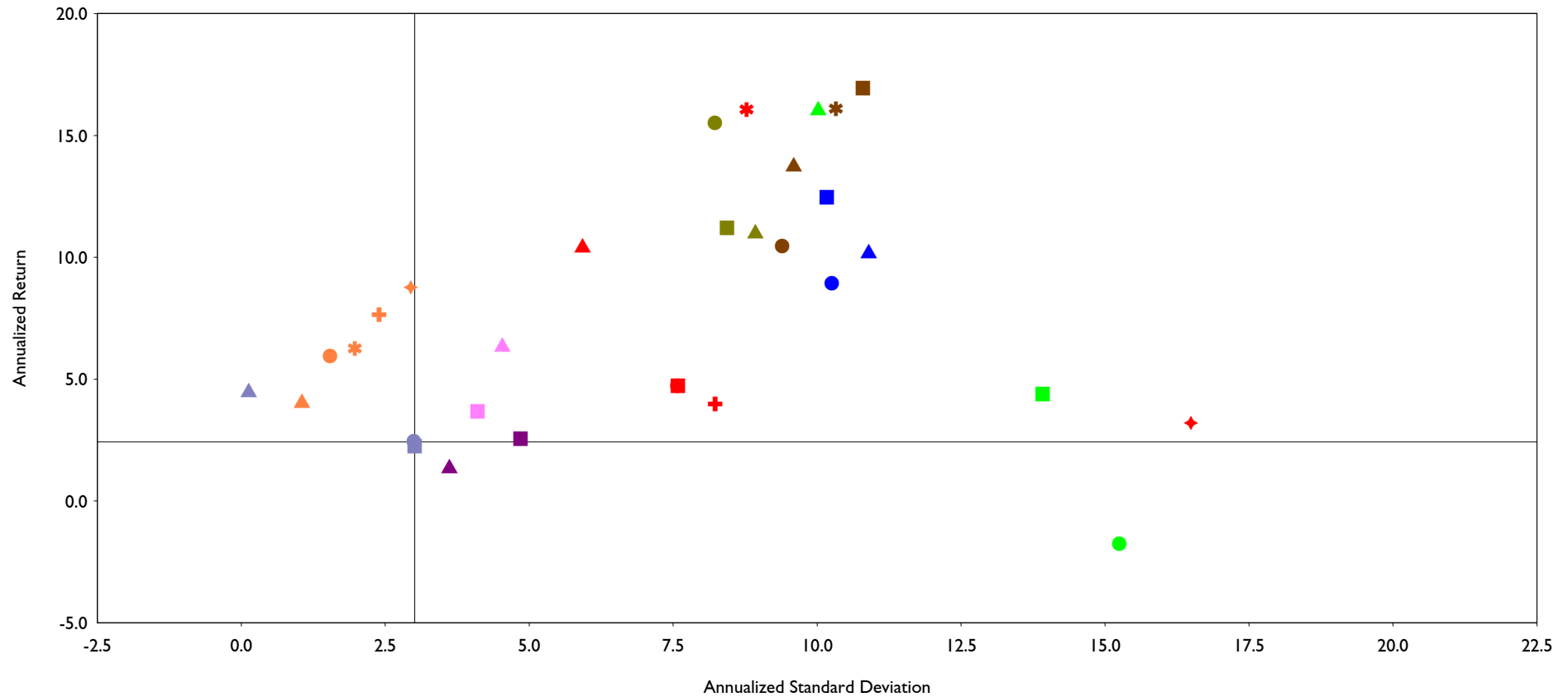
### Templeton Foreign A

Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
Templeton Foreign A struggled during the year, underperforming both the MSCI ACWI Value ex-US and the MSCI ACWI ex-US. The Fund's continued underperformance has pushed the three-year return well below the median manager of the Fund's peer group. The Fund now fails to meet any of the investment policy criteria established by the State on a three-year basis. The three-year Morningstar Rating has fallen to 1 while the five-year rating is now 3. <b>Recommendation:</b> Given the availability of high quality international value investment managers, Arnerich Massena recommends reviewing possible replacement candidates for Templeton Foreign A in the 457 Plan's international value option.	<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	1.2	1.3	1.5	2001	Int'l Value	3-Year ★
					2002	Int'l Value	
	5-Year	0.3	0.1	0.2	2003	Int'l Value	5-Year ★★★
					2004	Int'l Value	
					2005	Int'l Value	10-Year ★★
<sup>1</sup> Russell Category: Non-US Equity <sup>2</sup> Index: MSCI ACWI ex-US							

### Artisan International Investor

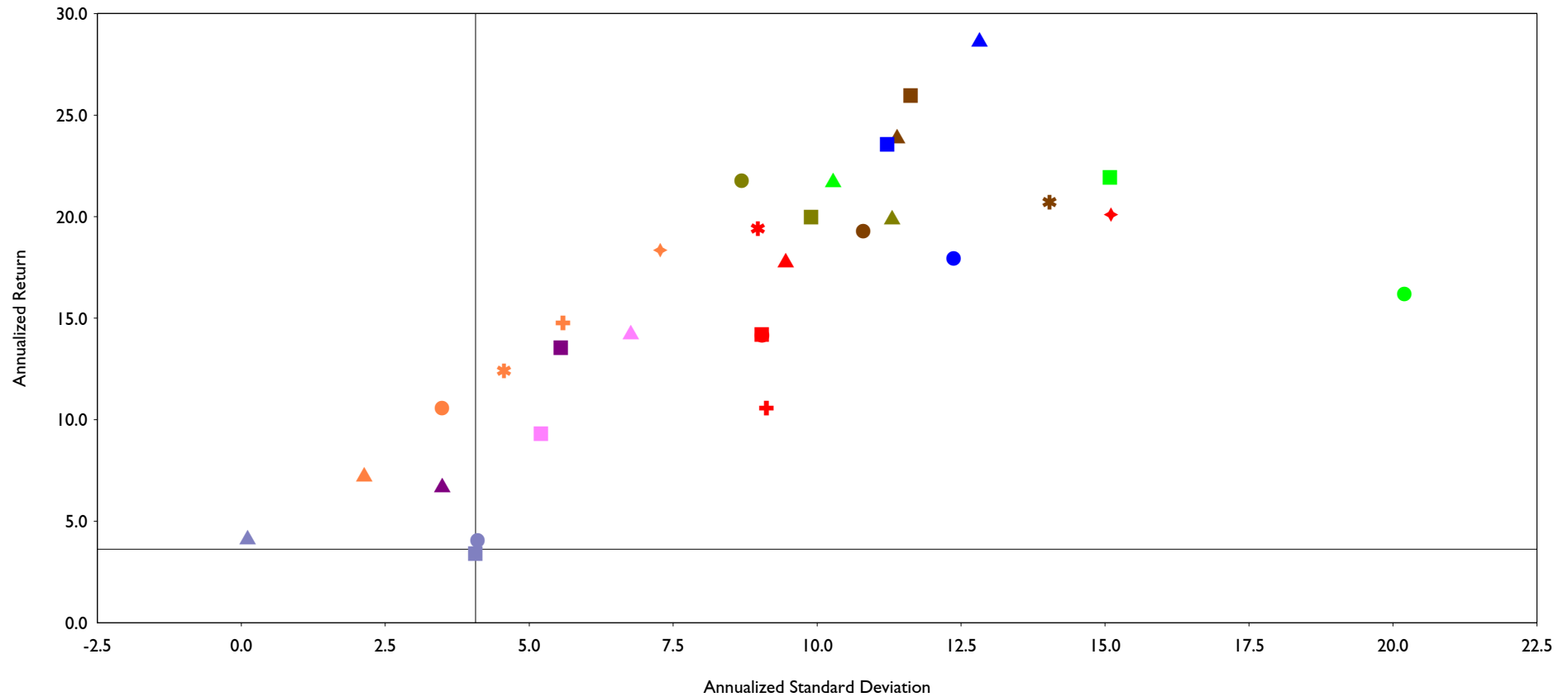
Fund Narrative	Portfolio Statistics - Sharpe Ratio			Morningstar Category Shift		Morningstar Rating	
Artisan International Investor finished the year in the top quartile of its peer universe, however, such strong performance wasn't quite enough to outpace either the asset-class or style-specific MSCI ACWI indices. The Fund benefited from strong stock selection, which was a result of focusing on companies with sustainable growth prospects, one of the primary themes in the Fund in 2005. Due to the slight underperformance, Artisan's five-year return now trails the Index by -2.9%. The Fund's three- and five-year performance now places near the median manager in broad international peer group as the strategy has suffered versus the universe due its growth bias. These performance headwinds have now dropped the Sharpe Ratio ratings below the three- and five-year time periods requirements. <b>Recommendation:</b> Arnerich Massena recommends placing Artisan International "on watch" so the State can more closely monitor the Fund's performance during the coming year.	<i>Manager</i>	<i>Category Mean</i> <sup>1</sup>	<i>Index</i> <sup>2</sup>				
	3-Year	1.0	1.3	1.5	2001	Int'l Blend	3-Year ★★★
					2002	Int'l Blend	
	5-Year	0.1	0.1	0.2	2003	Int'l Blend	5-Year ★★★★★
					2004	Int'l Growth	
					2005	Int'l Blend	10-Year ★★★★★
<sup>1</sup> Russell Category: Non-US Equity <sup>2</sup> Index: MSCI ACWI ex-US							

# State of Montana Deferred Compensation Plan Manager Risk & Return 1-Year ending December 31, 2005



- LB Aggregate Index
- Montana Stable Value 457
- PIMCO Total Ret Admin
- LB High Yield Index
- Neuberger Ber HInc Bd Inv
- US Balanced Index
- Dodge & Cox Balanced
- Montana Conservative Profile
- Montana Moderately Conservative Profile
- Montana Moderate Profile
- Montana Moderately Aggressive Profile
- Montana Aggressive Profile
- S&P 500 Index
- Davis NY Venture A
- Calvert Soc Inv Equity A
- TCW Galileo Select Eq N
- Russell Mid Cap Index
- Artisan Mid Cap Inv
- Russell 2000 Index
- Neuberger Ber Genesis Tr
- RS Diversified Growth
- MSCI ACWI
- Amer Funds New Persp R4
- Mutual Discovery Z
- Templeton Foreign A
- MSCI EAFE Index
- Fidelity Contrafund
- Hotchkis Wiley Md Val A
- MSCI ACWI ex-US

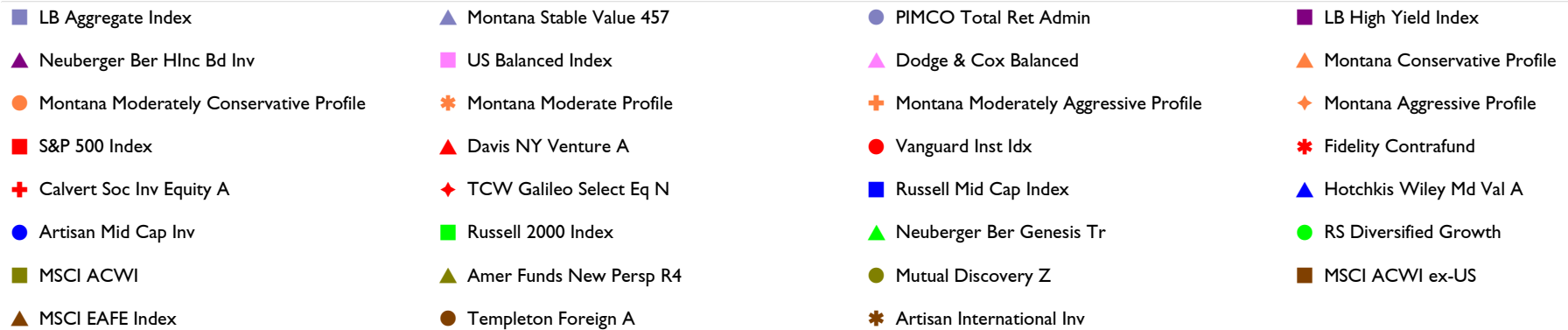
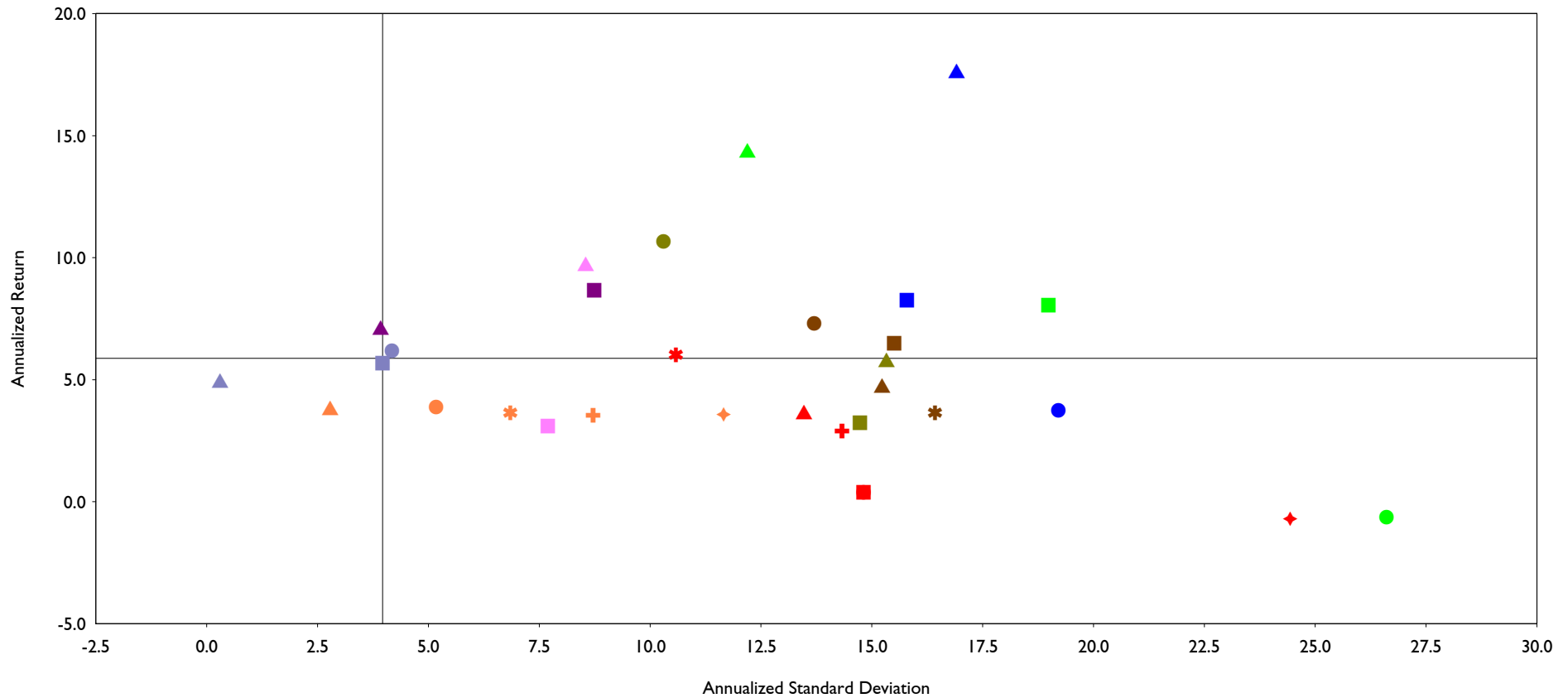
# State of Montana Deferred Compensation Plan Manager Risk & Return 3-Year ending December 31, 2005



■ LB Aggregate Index	▲ Montana Stable Value 457	● PIMCO Total Ret Admin	■ LB High Yield Index
▲ Neuberger Ber HInc Bd Inv	■ US Balanced Index	▲ Dodge & Cox Balanced	▲ Montana Conservative Profile
● Montana Moderately Conservative Profile	✱ Montana Moderate Profile	✱ Montana Moderately Aggressive Profile	✱ Montana Aggressive Profile
■ S&P 500 Index	▲ Davis NY Venture A	● Vanguard Inst Idx	✱ Fidelity Contrafund
✱ Calvert Soc Inv Equity A	✱ TCW Galileo Select Eq N	■ Russell Mid Cap Index	▲ Hotchkis Wiley Md Val A
● Artisan Mid Cap Inv	■ Russell 2000 Index	▲ Neuberger Ber Genesis Tr	● RS Diversified Growth
■ MSCI ACWI	▲ Amer Funds New Persp R4	● Mutual Discovery Z	■ MSCI ACWI ex-US
▲ MSCI EAFE Index	● Templeton Foreign A	✱ Artisan International Inv	

# State of Montana Deferred Compensation Plan

## Manager Risk & Return 5-Year ending December 31, 2005



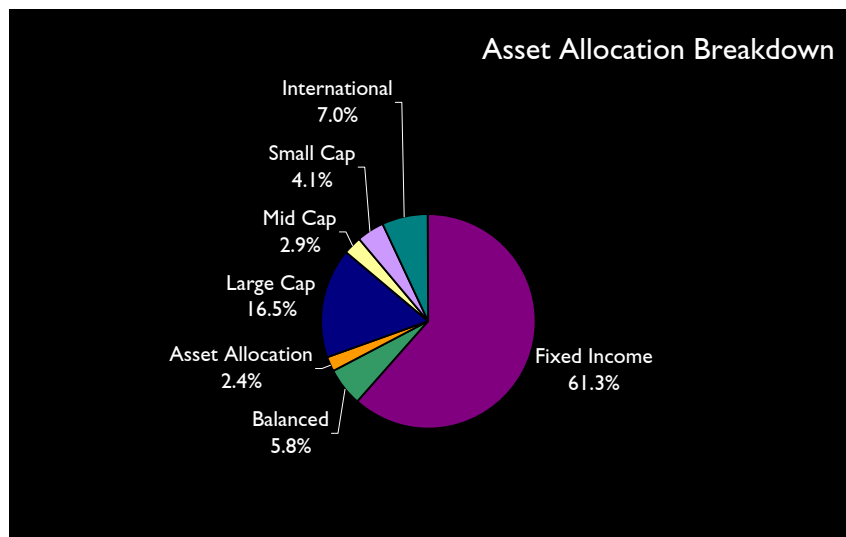
# State of Montana Deferred Compensation Plan

For Period Ending December 31, 2005

Fixed Income			61.27%
Montana Fixed Fund	\$	151,269,212	60.30%
PIMCo Total Return Adm	\$	2,052,362	0.82%
Neuberger & Berman High Inc	\$	395,086	0.16%
<b>FIXED INCOME TOTAL</b>	<b>\$</b>	<b>153,716,660</b>	

Balanced			5.82%
Dodge & Cox Balanced	\$	14,594,591	5.82%
<b>BALANCED TOTAL</b>	<b>\$</b>	<b>14,594,591</b>	

Asset Allocation			2.40%
Conservative Profile	\$	180,326	0.07%
Moderately Conservative Profile	\$	536,320	0.21%
Moderate Profile	\$	2,066,506	0.82%
Moderately Aggressive Profile	\$	1,824,165	0.73%
Aggressive Profile	\$	1,411,253	0.56%
<b>ASSET ALLOCATION TOTAL</b>	<b>\$</b>	<b>6,018,570</b>	



Large Cap			16.48%
Vanguard Inst'l Index	\$	11,729,119	4.68%
Fidelity ContraFund	\$	15,542,882	6.20%
TCW Gal Select Equity N	\$	1,852,747	0.74%
Davis New York Venture A	\$	11,815,974	4.71%
Calvert Social Inv Equity A	\$	408,396	0.16%
<b>LARGE CAP TOTAL</b>	<b>\$</b>	<b>41,349,118</b>	

Mid Cap			2.87%
H&W Mid Cap Val A	\$	3,638,336	1.45%
Artisan Mid Cap Inv	\$	3,560,906	1.42%
<b>MID CAP TOTAL</b>	<b>\$</b>	<b>7,199,242</b>	


Small Cap			4.14%
Neuberger Ber Genesis Tr	\$	7,991,615	3.19%
RS Diversified Growth	\$	2,092,560	0.83%
Munder Small Cap Value	\$	299,041	0.12%
<b>SMALL CAP TOTAL</b>	<b>\$</b>	<b>10,383,216</b>	


International			7.02%
Amer Funds New Persp R4	\$	6,128,643	2.44%
Mutual Discovery Z	\$	6,645,539	2.65%
Artisan International Inv	\$	2,117,256	0.84%
Templeton Foreign A	\$	2,712,331	1.08%
<b>INTERNATIONAL TOTAL</b>	<b>\$</b>	<b>17,603,769</b>	

**TOTAL ACCOUNT** \$ **250,865,166**

# State of Montana Deferred Contribution Plan


## Performance Results as of December 31, 2005

 This symbol appears when products underperform at least 2 of their corresponding benchmarks for the 3 and 5 year periods.

	Current Quarter	Year To Date	1 Year	3 Year Annualized	5 Year Annualized
<b>Montana Stable Value 457</b>	<b>1.3</b>	<b>4.8</b>	<b>4.8</b>	<b>4.5</b>	<b>5.2</b>
<i>LB Gov/Credit Bond + 0.35%</i>	<i>0.7</i>	<i>2.7</i>	<i>2.7</i>	<i>4.1</i>	<i>6.5</i>
Short Term Fixed MF Mean	0.6	1.7	1.7	2.0	3.9
<b>PIMCO Total Ret Admin</b>	<b>0.4</b>	<b>2.6</b>	<b>2.6</b>	<b>4.3</b>	<b>6.4</b>
<i>LB Agg Index</i>	<i>0.6</i>	<i>2.4</i>	<i>2.4</i>	<i>3.6</i>	<i>5.9</i>
Interm Fixed MF Mean	0.5	2.1	2.1	3.6	5.3
<b>Neuberger Ber HInc Bd Inv</b>	<b>0.6</b>	<b>1.6</b>	<b>1.6</b>	<b>7.0</b>	<b>7.3</b>
<i>LB High Yield Index</i>	<i>0.7</i>	<i>2.7</i>	<i>2.7</i>	<i>13.8</i>	<i>8.9</i>
High Yield Fixed MF Mean	0.9	2.6	2.6	12.0	7.3
					
<b>Montana Conservative Profile</b>	<b>1.7</b>	<b>4.3</b>	<b>4.3</b>	<b>7.5</b>	<b>4.0</b>
<b>Montana Moderately Conservative Profile</b>	<b>2.2</b>	<b>6.1</b>	<b>6.1</b>	<b>10.8</b>	<b>4.1</b>
<b>Montana Moderate Profile</b>	<b>2.4</b>	<b>6.4</b>	<b>6.4</b>	<b>12.6</b>	<b>3.8</b>
<b>Montana Moderately Aggressive Profile</b>	<b>2.9</b>	<b>7.8</b>	<b>7.8</b>	<b>15.0</b>	<b>3.7</b>
<b>Montana Aggressive Profile</b>	<b>3.0</b>	<b>8.9</b>	<b>8.9</b>	<b>18.6</b>	<b>3.7</b>
<i>US Balanced Index</i>	<i>1.4</i>	<i>3.8</i>	<i>3.8</i>	<i>9.5</i>	<i>3.3</i>
Balanced MF Mean	1.5	4.8	4.8	10.5	2.9
					
<b>Dodge &amp; Cox Balanced</b>	<b>2.1</b>	<b>6.6</b>	<b>6.6</b>	<b>14.5</b>	<b>9.9</b>
<i>US Balanced Index</i>	<i>1.4</i>	<i>3.8</i>	<i>3.8</i>	<i>9.5</i>	<i>3.3</i>
Balanced MF Mean	1.5	4.8	4.8	10.5	2.9

- ▶ Performance Results reflect total fund return (including the effect of any income dividends and/or capital gain distributions) and are NET of Management Fee and/or Expense Ratios.
- ▶ The peer group returns on this performance table are for the average manager in the peer group. Many Investment Policy Statements benchmark manager performance relative to the median manager in the peer group. There can be significant variance between average and median performance. Please consider this possibility when evaluating a particular manager's performance.
- ▶ Symbols do not apply for index funds.

State of Montana Deferred Contribution Plan  
Performance Results as of December 31, 2005


 This symbol appears when products underperform at least 2 of their corresponding benchmarks for the 3 and 5 year periods.




	Current Quarter	Year To Date	1 Year	3 Year Annualized	5 Year Annualized
<b>Vanguard Inst Idx</b>	<b>2.1</b>	<b>4.9</b>	<b>4.9</b>	<b>14.4</b>	<b>0.5</b>
<i>S&amp;P 500 Index</i>	<i>2.1</i>	<i>4.9</i>	<i>4.9</i>	<i>14.4</i>	<i>0.5</i>
<i>Lg Cap Broad MF Mean</i>	<i>2.4</i>	<i>5.9</i>	<i>5.9</i>	<i>14.0</i>	<i>0.2</i>
<b>Fidelity Contrafund</b>	<b>3.8</b>	<b>16.2</b>	<b>16.2</b>	<b>19.6</b>	<b>6.2</b>
<i>S&amp;P 500 Index</i>	<i>2.1</i>	<i>4.9</i>	<i>4.9</i>	<i>14.4</i>	<i>0.5</i>
<i>Lg Cap Broad MF Mean</i>	<i>2.4</i>	<i>5.9</i>	<i>5.9</i>	<i>14.0</i>	<i>0.2</i>
<b>Calvert Soc Inv Equity A</b>	<b>1.4</b>	<b>4.2</b>	<b>4.2</b>	<b>10.8</b>	<b>3.1</b>
<i>S&amp;P 500 Index</i>	<i>2.1</i>	<i>4.9</i>	<i>4.9</i>	<i>14.4</i>	<i>0.5</i>
<i>Lg Cap Broad MF Mean</i>	<i>2.4</i>	<i>5.9</i>	<i>5.9</i>	<i>14.0</i>	<i>0.2</i>
<b>TCW Galileo Select Eq N</b>	<b>5.2</b>	<b>3.4</b>	<b>3.4</b>	<b>20.3</b>	<b>-0.5</b>
<i>Russell 1000 Gr Index</i>	<i>3.0</i>	<i>5.3</i>	<i>5.3</i>	<i>13.2</i>	<i>-3.6</i>
<i>S&amp;P 500 Index</i>	<i>2.1</i>	<i>4.9</i>	<i>4.9</i>	<i>14.4</i>	<i>0.5</i>
<i>Lg Cap Gr MF Mean</i>	<i>3.3</i>	<i>7.1</i>	<i>7.1</i>	<i>15.8</i>	<i>-1.3</i>
<b>Davis NY Venture A</b>	<b>3.9</b>	<b>10.7</b>	<b>10.7</b>	<b>18.1</b>	<b>3.8</b>
<i>Russell 1000 Val Index</i>	<i>1.3</i>	<i>7.1</i>	<i>7.1</i>	<i>17.5</i>	<i>5.3</i>
<i>S&amp;P 500 Index</i>	<i>2.1</i>	<i>4.9</i>	<i>4.9</i>	<i>14.4</i>	<i>0.5</i>
<i>Lg Cap Val MF Mean</i>	<i>1.7</i>	<i>5.9</i>	<i>5.9</i>	<i>15.9</i>	<i>3.6</i>
<b>Artisan Mid Cap Inv</b>	<b>4.5</b>	<b>9.1</b>	<b>9.1</b>	<b>18.1</b>	<b>3.9</b>
<i>Russell MC Gr Index</i>	<i>3.4</i>	<i>12.1</i>	<i>12.1</i>	<i>22.7</i>	<i>1.4</i>
<i>Russell Mid Cap Index</i>	<i>2.3</i>	<i>12.7</i>	<i>12.7</i>	<i>23.8</i>	<i>8.5</i>
<i>Mid Cap Gr MF Mean</i>	<i>3.1</i>	<i>9.9</i>	<i>9.9</i>	<i>19.4</i>	<i>-0.1</i>

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State of Montana Deferred Contribution Plan  
Performance Results as of December 31, 2005



 This symbol appears when products underperform at least 2 of their corresponding benchmarks for the 3 and 5 year periods.

	Current Quarter	Year To Date	1 Year	3 Year Annualized	5 Year Annualized
<b>Hotchkis Wiley Md Val A</b>	<b>1.8</b>	<b>10.5</b>	<b>10.5</b>	<b>28.9</b>	<b>17.8</b>
Russell MC Val Index	1.3	12.6	12.6	24.4	12.2
Russell Mid Cap Index	2.3	12.7	12.7	23.8	8.5
Mid Cap Val MF Mean	1.6	9.7	9.7	21.1	10.9
<b>RS Diversified Growth</b>	<b>-3.2</b>	<b>-1.6</b>	<b>-1.6</b>	<b>16.4</b>	<b>-0.4</b>
Russell 2000 Gr Index	1.6	4.2	4.2	20.9	2.3
Russell 2000 Index	1.1	4.6	4.6	22.1	8.2
Sm Cap Gr MF Mean	1.6	6.1	6.1	19.1	4.2
					
<b>Neuberger Ber Genesis Tr</b>	<b>-0.6</b>	<b>16.3</b>	<b>16.3</b>	<b>22.0</b>	<b>14.6</b>
Russell 2000 Val Index	0.7	4.7	4.7	23.2	13.6
Russell 2000 Index	1.1	4.6	4.6	22.1	8.2
Sm Cap Val MF Mean	0.9	6.6	6.6	23.1	14.2
					
<b>Munder Small-Cap Value Y</b>	<b>1.4</b>	<b>8.1</b>	<b>8.1</b>	<b>27.6</b>	<b>18.6</b>
Russell 2000 Val Index	0.7	4.7	4.7	23.2	13.6
Russell 2000 Index	1.1	4.6	4.6	22.1	8.2
Sm Cap Val MF Mean	0.9	6.6	6.6	23.1	14.2
<b>Amer Funds New Persp R4</b>	<b>4.5</b>	<b>11.2</b>	<b>11.2</b>	<b>20.2</b>	<b>6.0</b>
MSCI ACWI	3.4	11.4	11.4	20.2	3.4
World Eq MF Mean	3.2	9.8	9.8	18.4	3.1

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State of Montana Deferred Contribution Plan  
Performance Results as of December 31, 2005

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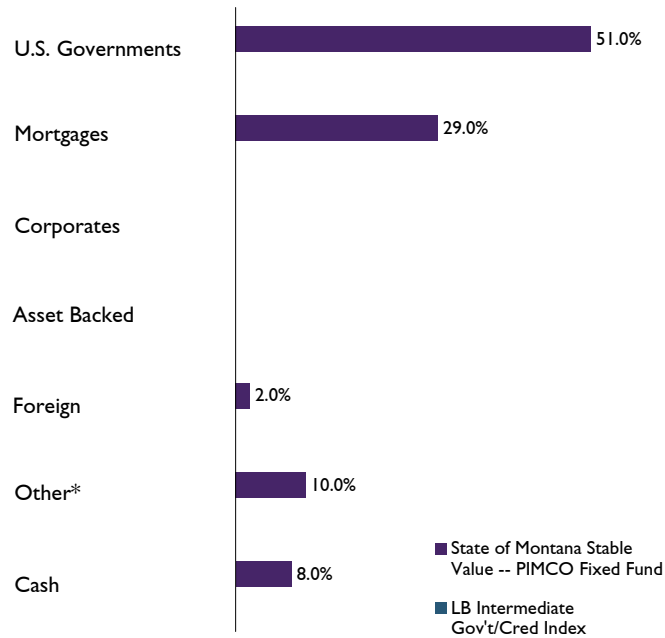
	Current Quarter	Year To Date	1 Year	3 Year Annualized	5 Year Annualized
<b>Mutual Discovery Z</b>	<b>3.5</b>	<b>15.7</b>	<b>15.7</b>	<b>22.0</b>	<b>10.8</b>
MSCI ACWI	3.4	11.4	11.4	20.2	3.4
World Eq MF Mean	3.2	9.8	9.8	18.4	3.1
<b>Artisan International Inv</b>	<b>5.5</b>	<b>16.3</b>	<b>16.3</b>	<b>20.9</b>	<b>3.8</b>
MSCI ACWI Gr ex-US	4.7	17.1	17.1	22.7	3.8
MSCI ACWI ex-US	4.4	17.1	17.1	26.2	6.7
Non-US Eq MF Mean	4.3	14.5	14.5	22.2	3.7
					
<b>Templeton Foreign A</b>	<b>1.9</b>	<b>10.6</b>	<b>10.6</b>	<b>19.5</b>	<b>7.5</b>
MSCI ACWI Val ex-US	4.1	17.2	17.2	29.6	9.4
MSCI ACWI ex-US	4.4	17.1	17.1	26.2	6.7
Non-US Eq MF Mean	4.3	14.5	14.5	22.2	3.7
					

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- The peer group returns on this performance table are for the average manager in the peer group. Many Investment Policy Statements benchmark manager performance relative to the median manager in the peer group. There can be significant variance between average and median performance. Please consider this possibility when evaluating a particular manager's performance.
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# State of Montana Stable Value -- PIMCO Fixed Fund

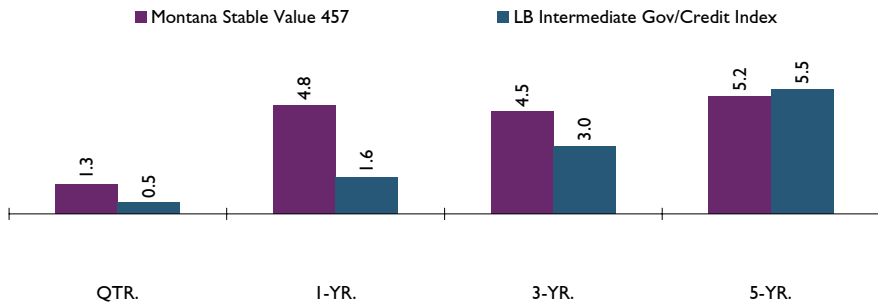
Holdings-Based Analysis as of September 30, 2005

## Sector Weights



\*Other investments may include asset backed securities, yankee/euro bonds, convertibles, and municipal bonds.

## Net Historical Performance as of December 31, 2005 (%)



Russell Percentile Rank*					Growth of Assets in Plan (\$ Mil.)				
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004
1 (25)	1 (25)	20 (24)	17 (23)	N/A	N/A	N/A	\$133	\$145	\$145

\*Percentile Rank is based on the Russell universe of stable value portfolios, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

## Portfolio Characteristics

Credit Quality Rating	Percent of Portfolio		Maturity	Percent of Portfolio	
	Manager	Index		Manager	Index
US Govt/Agency	25.0%	0.0%	0-1 yrs.	6.0%	0.0%
AAA	62.0%	65.4%	1-3 yrs.	17.0%	0.0%
AA	5.0%	10.7%	3-5 yrs.	64.0%	0.0%
A	2.0%	13.3%	5-10 yrs.	5.0%	0.0%
BBB	4.0%	9.6%	10-20 yrs.	4.0%	0.0%
<BBB	2.0%	1.0%	20+ yrs.	4.0%	0.0%
Weighted Avg. Quality	AAA	AAA	Avg. Duration (yrs.)	3.9	0.0
Yield to Maturity	3.7%	0.0%	Avg. Maturity (yrs.)	4.9	0.0

Top Ten Holdings		Coupon	Maturity Date (mo/yr)	Percent of Portfolio
Not Provided by PIMCO				
Management Fee			Avg. Annual Portfolio Turnover	N/A
PIMCO Fixed Fund			N/A	
Morningstar Average			0.00%	
Ticker			Sep. Mgmt.	

## Portfolio Statistics

Russell Category: Fixed Income

Sharpe Ratio	Manager	Category Mean	Index
3-Year	N/A	N/A	N/A
5-Year	N/A	N/A	N/A
Morningstar Rating (Stars Range 1-5: 5=Best; 1=Worst)			
3-Year	N/A		
5-Year	N/A		
10-Year	N/A		

## Fund Strategy

The Fund employs a synthetic stable value strategy where PIMCO manages a diversified bond portfolio and a third party insurer writes an insurance wrapper that resets with a quoted rate of return each quarter. PIMCO seeks to provide a return on investments that exceeds the Lehman Brothers Intermediate Government/Credit Index + 0.35%.

## Fund Narrative

The Fund has outperformed the LB Intermediate Government/Credit Index during the last year, but has lagged the Index over longer time periods. Performance is a reflection of the lower volatility of the portfolio and is in-line with our expectations. Sharpe Ratio figures are not provided because the lack of volatility produces non-meaningful results. **Recommendation:** Arnerich Massena recommends the State retain PIMCO as their Stable Value option.

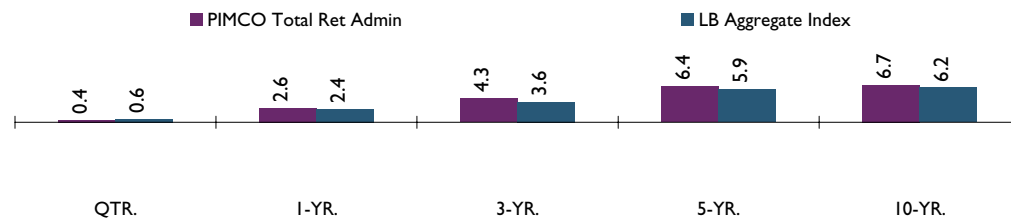
# PIMCO Total Return Admin

## Holdings-Based Analysis as of September 30, 2005

## Performance-Based Analysis as of December 31, 2005

Portfolio Sector Weights		Portfolio Characteristics		Portfolio Statistics		
U.S. Governments	<div><div></div><div></div></div> <div>26.0%</div> <div>36.7%</div>	Modified Duration (yrs.)	4.4	Vs. Asset Class Benchmark		
		Average Maturity (yrs.)	5.6	Manager		
		Average Quality	AAA	Index		
Mortgages	<div><div></div><div></div></div> <div>51.0%</div> <div>38.1%</div>	Portfolio Fee Information		Standard Deviation (%)		
		Expense Ratio	0.68%	3-Year	4.10	4.07
		12b-1 Fee Included	0.25%	5-Year	4.18	3.97
Corporates	<div><div></div><div></div></div> <div>4.0%</div> <div>23.9%</div>	Morningstar Average	1.06%	Beta (Benchmark Specific Risk)		
		Minimum Investment	\$5,000,000	3-Year	1.00	1.00
				5-Year	1.02	1.00
Asset Backed	<div><div></div><div></div></div> <div>1.2%</div> <div></div>	Top Ten Holdings		Alpha (Added Value Relative to Benchmark)		
		Company	% of Portfolio	3-Year	0.6%	N/A
		FIN FUT US 5YR CBT 12/20/05	10.2%	5-Year	0.4%	N/A
Foreign	<div><div></div><div></div></div> <div>5.0%</div> <div></div>	FNMA TBA 5.00% OCT	6.5%	Sharpe Ratio		
		FNMA TBA 5.50% OCT	4.6%	3-Year	0.61	0.46
		FNMA PASS THRU MTG #725423	2.7%	5-Year	0.99	0.92
Cash & Equivalents	<div><div></div><div></div></div> <div>14.0%</div> <div></div>	FIN FUT US 30YR CBT 12/20/05	1.9%	R-Squared (3-Year Trailing)		
		FNMA PASS THRU MTG #725946	1.8%	vs. Asset Class Benchmark		
		FNMA PASS THRU MTG #725773	1.5%	0.98	N/A	
		FNMA PASS THRU MTG #735141	1.2%			
		FNMA PASS THRU MTG #735227	0.8%			
		U S TREASURY BOND	0.7%			
		% of Total Portfolio	32.0%			
		Manager Information				
		Lead Manager	William H. Gross			
		Tenure on Product	1987			
		Ticker	PTRAX			
		Prospectus Information	www.pimcofunds.com			

## Net Historical Performance as of December 31, 2005 (%)



## Fund Strategy

PIMCO Total Return Fund seeks total return consistent with preservation of capital. The Fund normally invests at least 65% of assets in debt securities, including U.S. government securities, corporate bonds, and mortgage-related securities. It may invest up to 20% of assets in securities denominated in foreign currencies. The Fund may invest up to 10% of assets in high-yield securities rated B or higher. The portfolio duration generally ranges from three to six years.

## Russell Percentile Rank\*

QTR.	1-YR.	3-YR.	5-YR.	10-YR.
59	14	18	7	4
(122)	(122)	(122)	(120)	(86)

\*Percentile Rank is based on the Russell universe of core bond mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

## Year-End Assets in Style (\$ Mil.)

2000	2001	2002	2003	2004
\$38,341	\$50,026	\$67,826	\$73,852	\$78,773

## Notes

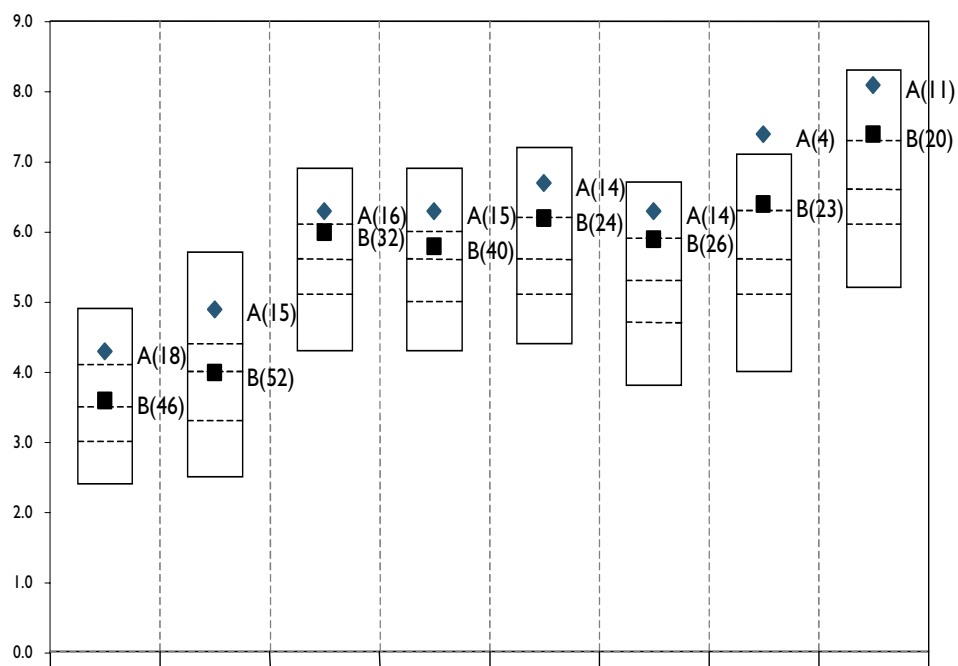
The cash component consists of securities with duration less than one year, including commercial paper, bank notes, high coupon mortgages, ABS, and governments. Credit Quality weightings exclude cash.

# PIMCO Total Return Admin

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

Returns vs. LB Aggregate Index  
Intermediate Fixed Income Mutual Fund Universe(USD)



## Credit Quality Breakdown as of September 30, 2005

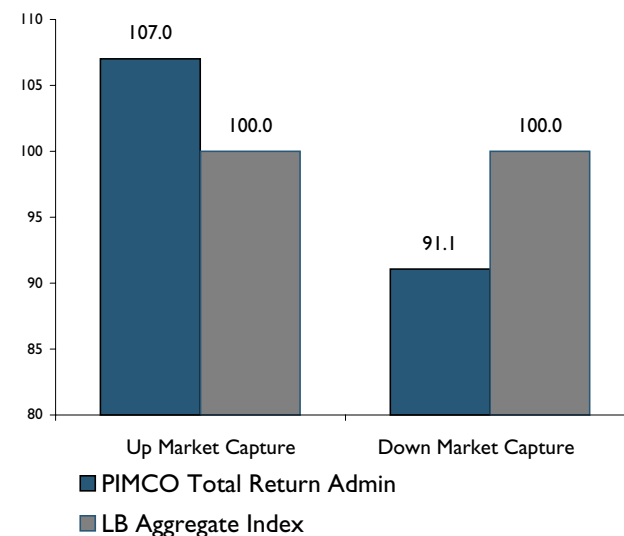
Quality	% of Portfolio
US Govt/Agency	90.0%
AAA	0.0%
AA	0.0%
A	2.0%
BBB	5.0%
<BBB	3.0%
Non-Rated	0.0%

## Maturity Breakdown as of September 30, 2005

Maturity	% of Portfolio
0-1 yrs.	13.0%
1-3 yrs.	10.0%
3-5 yrs.	45.0%
5-10 yrs.	24.0%
10-20 yrs.	8.0%
Non-rated	0.0%

Yield to Maturity 3.9%

## Up Market/Down Market Capture -- 5-Year



	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	4.9	5.7	6.9	6.9	7.2	6.7	7.1	8.3
25th Percentile	4.1	4.4	6.1	6.0	6.2	5.9	6.3	7.3
Median	3.5	4.0	5.6	5.6	5.6	5.3	5.6	6.6
75th Percentile	3.0	3.3	5.1	5.0	5.1	4.7	5.1	6.1
95th Percentile	2.4	2.5	4.3	4.3	4.4	3.8	4.0	5.2
Member Count	122	124	103	127	104	108	110	116
Pimco Tot Ret Adm (A)	4.3	4.9	6.3	6.3	6.7	6.3	7.4	8.1
LB Aggregate Index (B)	3.6	4.0	6.0	5.8	6.2	5.9	6.4	7.4

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

# Neuberger Berman High Income Bond Inv

Holdings-Based Analysis as of September 30, 2005

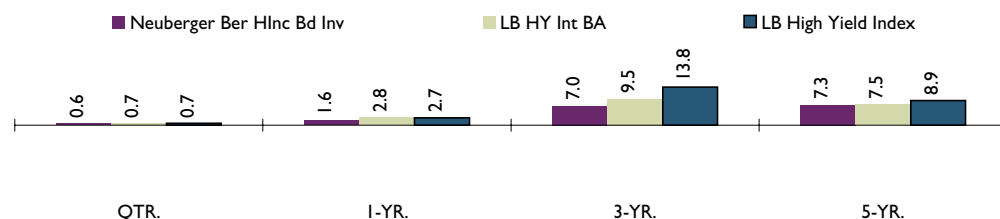
Performance-Based Analysis as of December 31, 2005

Portfolio Sector Weights <sup>1</sup>		Portfolio Characteristics		Portfolio Statistics			
Con. Discretionary	<div><div></div><div></div></div> <div>19.2% 24.6%</div>	Modified Duration (yrs.)	3.5	Vs. Asset Class Benchmark		Manager	Index
	Con. Staples	<div><div></div><div></div></div> <div>12.6% 10.9%</div>	Average Maturity (yrs.)	6.0	Standard Deviation (%)		
Energy		<div><div></div><div></div></div> <div>12.0% 4.2%</div>	Average Quality	BB-	3-Year	3.49	5.55
	Financials	<div><div></div><div></div></div> <div>6.5% 2.3%</div>	Portfolio Fee Information		5-Year	3.92	8.74
Health Care		<div><div></div><div></div></div> <div>0.0% 0.0%</div>	Expense Ratio	0.90%	Beta (Benchmark Specific Risk)		
	Industrials	<div><div></div><div></div></div> <div>12.3% 11.4%</div>	12b-1 Fee Included	N/A	3-Year	0.55	1.00
Information Tech.		<div><div></div><div></div></div> <div>0.0% 3.9%</div>	Morningstar Average	1.27%	5-Year	0.37	1.00
	Materials	<div><div></div><div></div></div> <div>0.0% 10.6%</div>	Minimum Investment	\$2,000	Alpha (Added Value Relative to Benchmark)		
Telecom. Services		<div><div></div><div></div></div> <div>0.0% 19.7%</div>	Top Ten Holdings		3-Year	-1.2%	N/A
	Utilities	<div><div></div><div></div></div> <div>7.9% 12.3%</div>	Company	% of Portfolio	5-Year	2.5%	N/A
Misc.		<div><div></div><div></div></div> <div>26.6%</div>	FREESCALE SEMICONDUCTOR	1.1%	Sharpe Ratio		
	Cash & Equivalents	<div><div></div><div></div></div> <div>2.9%</div>	CSC HOLDINGS	1.1%	3-Year	1.49	2.16
			ARCH WESTERN FINANCE CORP	1.1%	5-Year	1.30	0.76
		SPEEDWAY MOTORSPORTS, INC	1.1%	R-Squared (3-Year Trailing)			
		AES CORP	1.1%	vs. Asset Class Benchmark		0.67	N/A
		TOLL CORP	1.0%				
		POGO PRODUCING CO	1.0%				
		SEQUA CORP	1.0%				
		NRG ENERGY, INC	1.0%				
		LAMAR MEDIA CORP	1.0%				
		% of Total Portfolio	10.5%				
		Manager Information					
		Lead Manager	Wayne C. Plewniak				
		Tenure on Product	1992				
		Ticker	NBHIX				
		Prospectus Information	www.nbfunds.com				

Representative Index Weights as of September 30, 2005

<sup>1</sup>Representative Index Weights as of September 30, 2005

## Net Historical Performance as of December 31, 2005\*\* (%)



## Fund Strategy

Neuberger Berman High Income Bond Fund seeks high total returns consistent with capital preservation. The Fund normally invests in a diversified portfolio of U.S. intermediate-term, high-yield corporate bonds with maturities of ten years or less. Most of these bonds are below investment grade. Management expects to normally maintain a dollar-weighted average maturity between five and seven years.

## Russell Percentile Rank\*

QTR.	1-YR.	3-YR.	5-YR.	10-YR.
75	81	99	58	N/A
(71)	(71)	(71)	(70)	

## Year-End Assets in Style (\$ Mil.)

2000	2001	2002	2003	2004
\$60	\$90	\$689	\$1,342	\$1,601

## Notes

\*Percentile Rank is based on the Russell universe of high yield mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

\*\*Refer to Notes

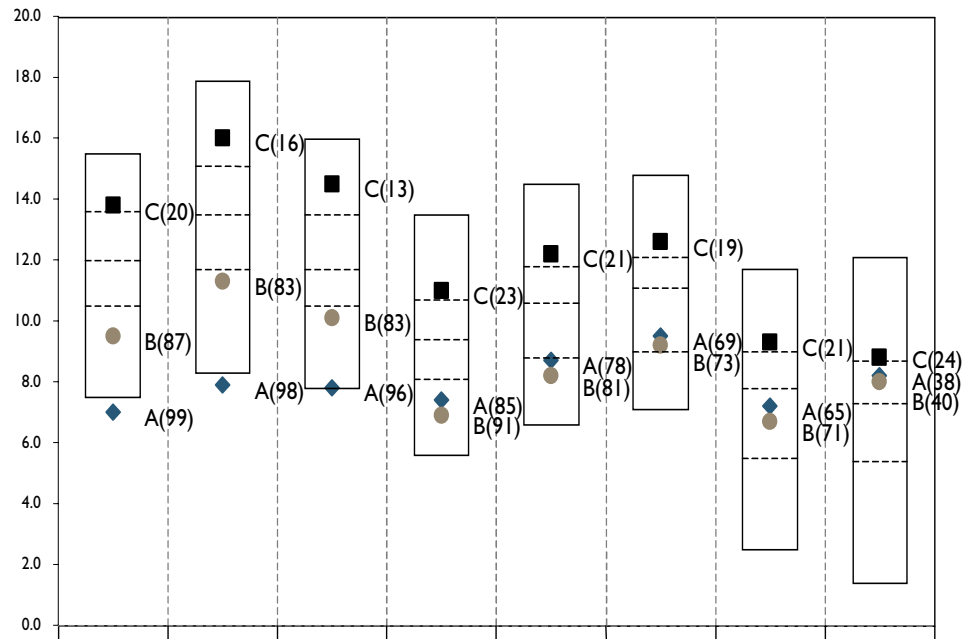
Arnerich Massena & Associates, Inc. ~ Quarter Ending December 31, 2005

# Neuberger Berman High Income Bond Inv

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

Returns vs. LB High Yield Index  
High Yield Mutual Fund Universe(USD)



	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	15.5	17.9	16.0	13.5	14.5	14.8	11.7	12.1
25th Percentile	13.6	15.1	13.5	10.7	11.8	12.1	9.0	8.7
Median	12.0	13.5	11.7	9.4	10.6	11.1	7.8	7.3
75th Percentile	10.5	11.7	10.5	8.1	8.8	9.0	5.5	5.4
95th Percentile	7.5	8.3	7.8	5.6	6.6	7.1	2.5	1.4
Member Count	71	72	73	70	71	73	73	74
N&B Hi Inc Inv (A) ◆	7.0	7.9	7.8	7.4	8.7	9.5	7.2	8.2
LB HY Int BA (B) ●	9.5	11.3	10.1	6.9	8.2	9.2	6.7	8.0
LB High Yield Index (C) ■	13.8	16.0	14.5	11.0	12.2	12.6	9.3	8.8

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

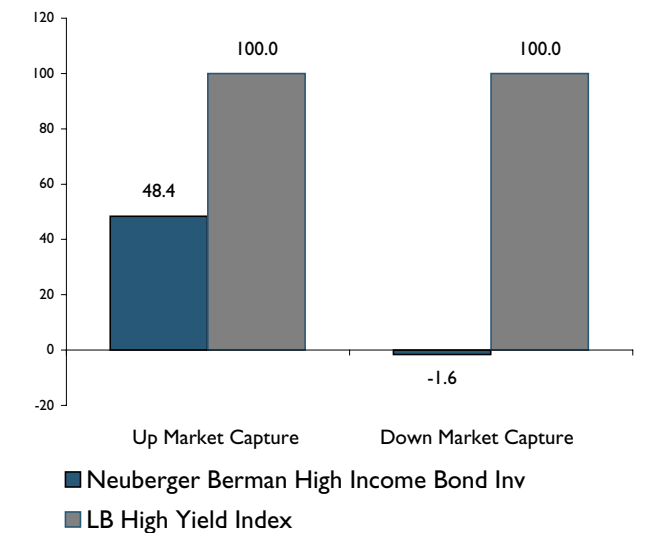
## Credit Quality Breakdown as of September 30, 2005

Quality	% of Portfolio
>BBB	1.0%
BBB	2.8%
BB	51.7%
B	43.2%
<B	0.0%
Not Rated	1.3%

## Maturity Breakdown as of September 30, 2005

Maturity	% of Portfolio
0-1 yrs.	1.8%
1-3 yrs.	0.0%
3-5 yrs.	27.7%
5-10 yrs.	69.6%
10-20 yrs.	0.9%
Non-rated	0.0%
Yield to Maturity	6.9%

## Up Market/Down Market Capture -- 5-Year



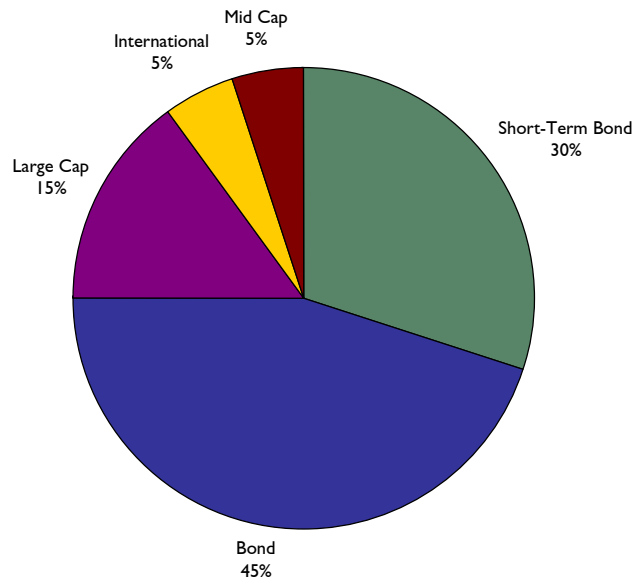




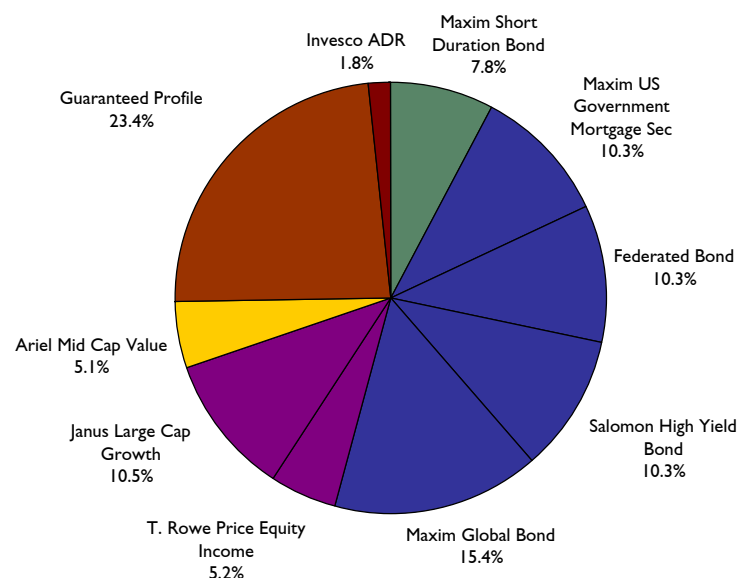
## Montana Conservative Profile

Holdings-Based Analysis as of September 30, 2005

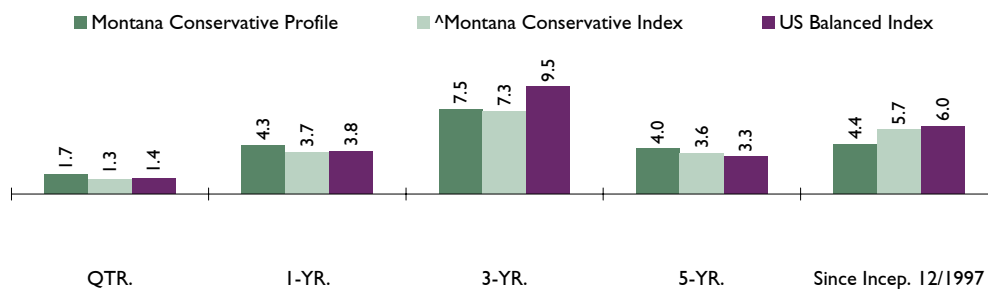
### Target Asset Allocation



### Fund Allocation



### Net Historical Performance as of December 31, 2005 (%)



### Fund Strategy

The Fund seeks to achieve total return with an emphasis on income and low risk. The Fund seeks to achieve its objective by investing in some of the options available under the FutureFunds II Series Account, a set of variable annuity funds. All underlying holdings are Maxim products.

**Montana Index Components:** 25% LB 1-3 Year Government/Credit Index; 50% LB Aggregate Index; 20% S&P 500 Index; and 5% MSCI ACWI ex-US.

### Fund Narrative

Montana's Conservative Profile outpaced both the US Balanced Index and Conservative Index in 2005. Long-term results look strong as well versus the Conservative Index, however, fell short versus the US Balanced Index due to differing equity allocation. Peer group rankings and Sharpe Ratio statistics meet the State's investment policy criteria. **Recommendation:** Arnerich Massena recommends reviewing the potential replacement of the Plan's profile options with pre-mixed options.

### Russell Percentile Rank\*

QTR.	1-YR.	3-YR.	5-YR.	10-YR.	Sharpe Ratio	Manager	Category Mean	Index
41	65	93	32	64	3-Year	1.5	1.2	1.3
(105)	(105)	(105)	(103)	(114)	5-Year	0.4	0.1	0.2

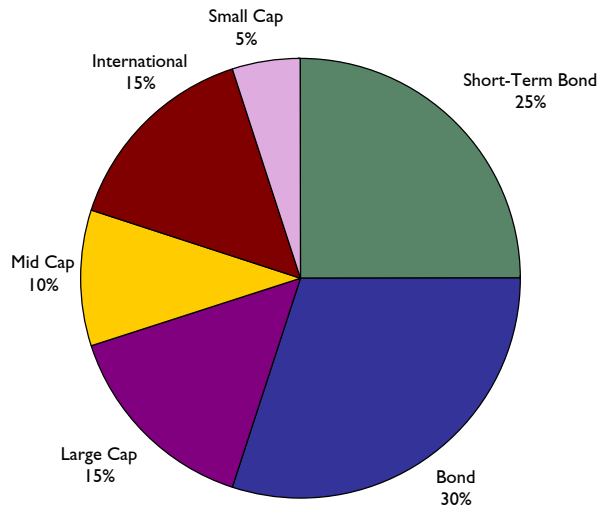
\*Percentile Rank & Sharpe Ratio Mean is based on funds in the Russell universe of balanced mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.



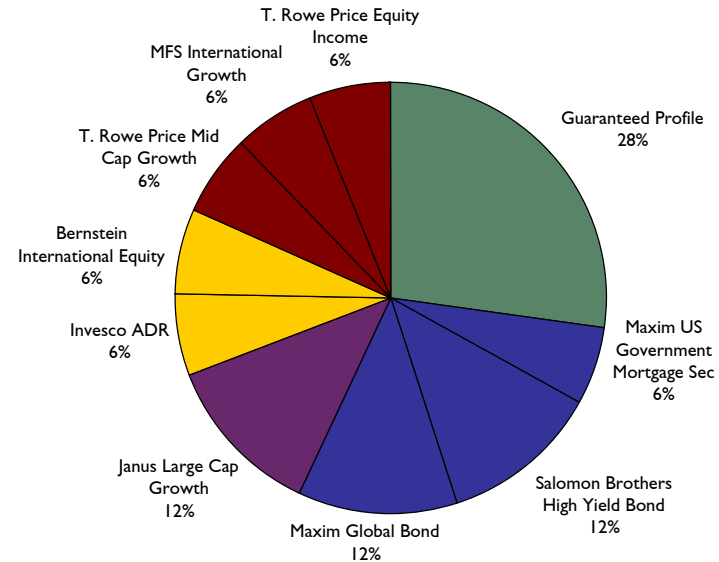
## Montana Moderately Conservative Profile

Holdings-Based Analysis as of September 30, 2005

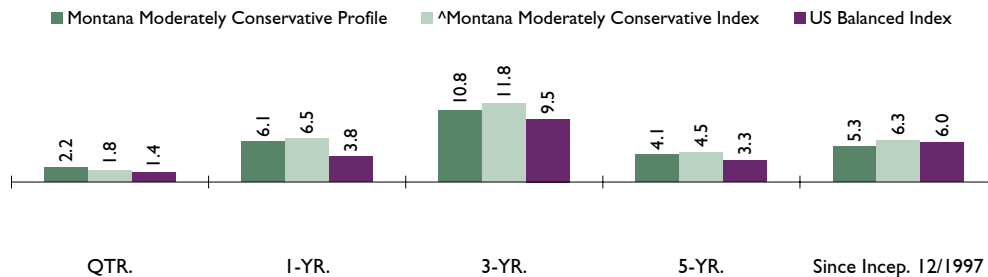
### Target Asset Allocation



### Fund Allocation



### Net Historical Performance as of December 31, 2005 (%)



### Fund Strategy

The Fund seeks the highest possible total return, through a combination of income and capital appreciation. The Fund seeks to achieve its objective by investing in some of the options available under the FutureFunds II Series Account, a set of variable annuity funds. The underlying holdings are Maxim products.

**Montana Index Components:** 15% LB 1-3 Year Government/Credit Index; 40% LB Aggregate Index; 20% S&P 500 Index; 10% Russell Midcap Index; and 15% MSCI ACWI ex-US.

### Fund Narrative

Montana's Moderately Conservative Profile outpaced the US Balanced Index during 2005, but underperformed the Montana Moderately Conservative Index. Trailing three- and five-year returns also fall below the Montana Index. Peer group rankings and Sharpe Ratio statistics meet the State's investment policy criteria on a three- and five-year basis. **Recommendation:** Arnerich Massena recommends reviewing the potential replacement of the Plan's profile options with pre-mixed options.

Russell Percentile Rank*					Portfolio Statistics			
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	Sharpe Ratio	Manager	Category Mean	Index
22	24	44	32	42	3-Year	1.5	1.2	1.6
(105)	(105)	(105)	(103)	(114)	5-Year	0.2	0.1	0.2

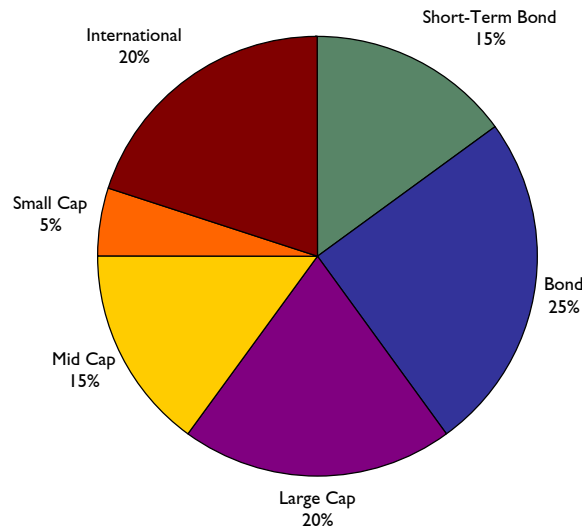
\*Percentile Rank & Sharpe Ratio Mean is based on funds in the Russell universe of balanced mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.



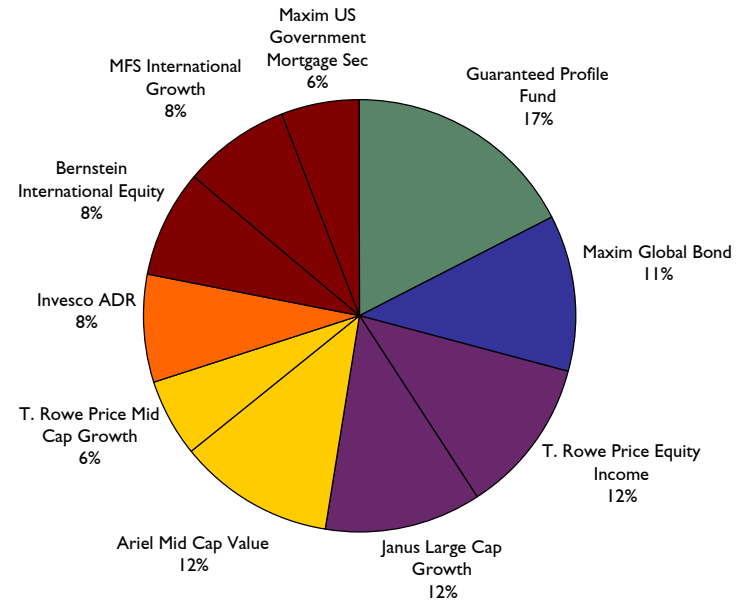
## Montana Moderate Profile

Holdings-Based Analysis as of September 30, 2005

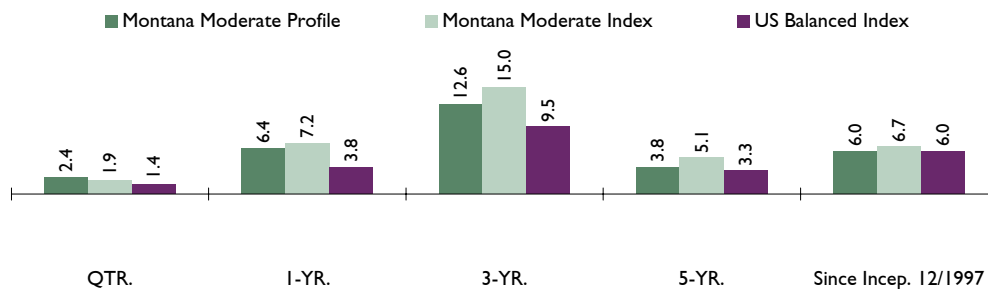
### Target Asset Allocation



### Fund Allocation



### Net Historical Performance as of December 31, 2005 (%)



### Fund Strategy

The Fund seeks to achieve a high total return on investment through long-term capital appreciation and, to a lesser extent, income. The Fund seeks to achieve its objective by investing in some of the options available under the FutureFunds II Series Account, a set of variable annuity funds. All underlying holdings are Maxim products.

**Montana Index Components:** 15% LB 1-3 Year Government/Credit Index; 25% LB Aggregate Index; 20% S&P 500 Index; 15% Russell Midcap Index; 10% Russell 2000 Index and 15% MSCI ACWI ex-US.

### Fund Narrative

Montana's Moderate Profile outpaced the US Balanced Index during 2004. It has underperformed the Montana Moderate Index over all time periods presented. Peer group rankings and Sharpe Ratio statistics meet the State's investment policy criteria on a three- and five-year basis. **Recommendation:** Arnerich Massena recommends reviewing the potential replacement of the Plan's profile options with pre-mixed options.

Russell Percentile Rank*					Portfolio Statistics			
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	Sharpe Ratio	Manager	Mean	Index
14	21	19	36	31	3-Year	1.3	1.2	1.5
(105)	(105)	(105)	(103)	(114)	5-Year	0.1	0.1	0.2

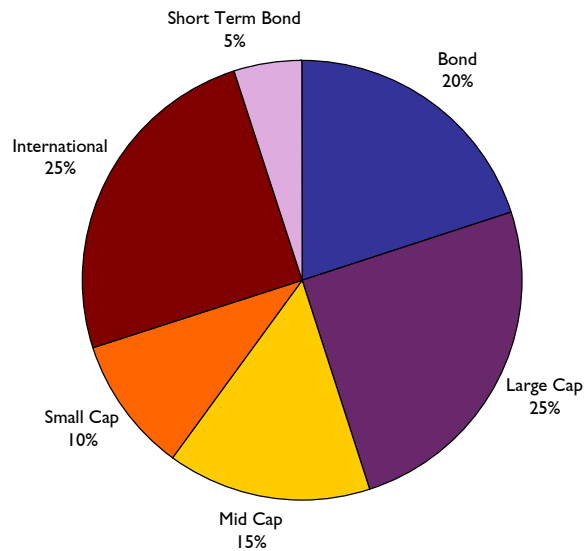
\*Percentile Rank & Sharpe Ratio Mean is based on funds in the Russell universe of balanced mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.



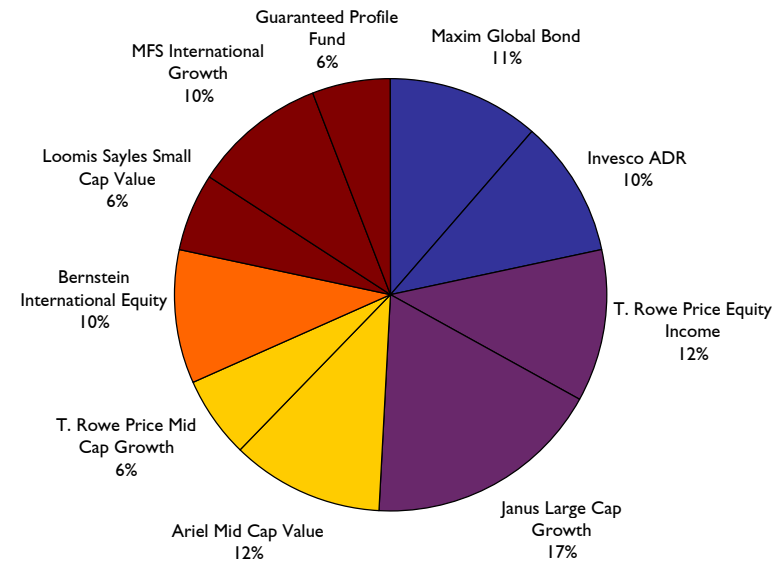
## Montana Moderately Aggressive Profile

Holdings-Based Analysis as of September 30, 2005

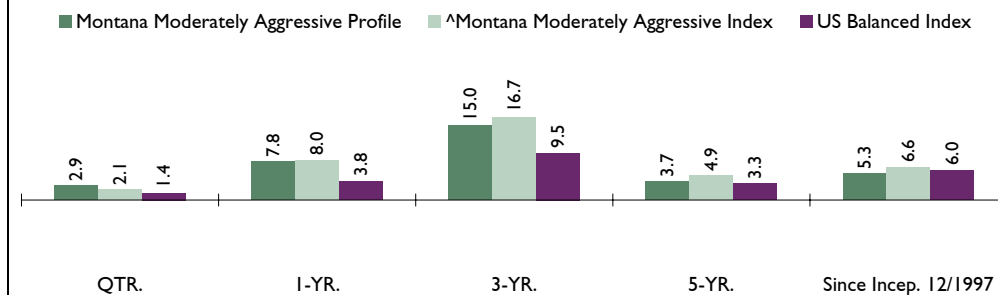
### Target Asset Allocation



### Fund Allocation



### Net Historical Performance as of December 31, 2005 (%)



### Fund Strategy

The Fund seeks to achieve a high total return on investment through long-term capital appreciation. The Fund seeks to achieve its objective by investing in some of the options available under the FutureFunds II Series Account, a set of variable annuity funds. All underlying holdings are Maxim products.

**Montana Index Components:** 25% LB Aggregate Index; 20% S&P 500 Index; 15% Russell Midcap Index; 10% Russell 2000 Index; and 5% MSCI ACWI ex-US.

### Fund Narrative

Montana's Moderately Aggressive Profile outpaced the US Balanced Index by a significant margin during 2005. However, the Fund underperformed the Montana Moderately Aggressive Index over all time periods presented. Peer group rankings and Sharpe Ratio statistics meet the State's investment policy criteria on a three- and five-year basis. **Recommendation:** Arnerich Massena recommends reviewing the potential replacement of the Plan's profile options with pre-mixed options.

Russell Percentile Rank*					Portfolio Statistics			
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	Sharpe Ratio	Manager	Category Mean	Index
7	9	4	36	42	3-Year	1.3	1.2	1.5
(105)	(105)	(105)	(103)	(114)	5-Year	0.1	0.1	0.2

\*Percentile Rank & Sharpe Ratio Mean is based on funds in the Russell universe of balanced mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

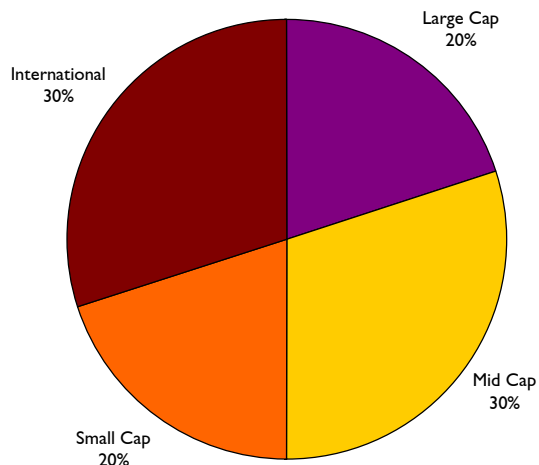




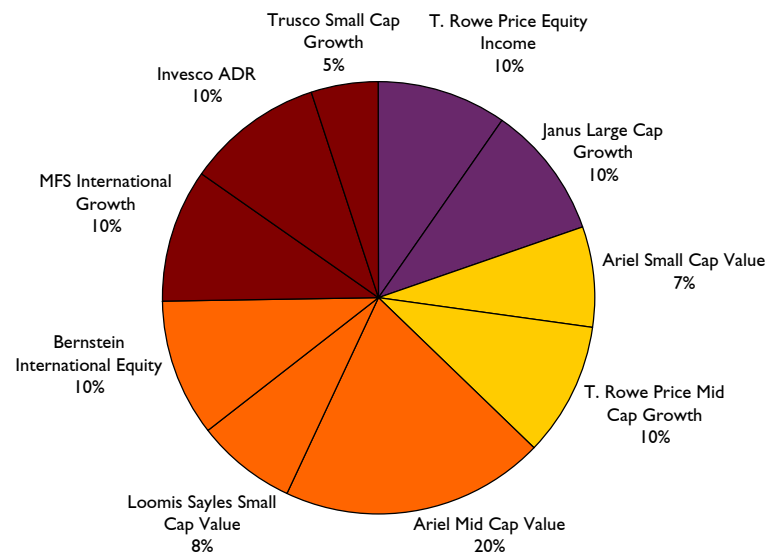
## Montana Aggressive Profile

Holdings-Based Analysis as of September 30, 2005

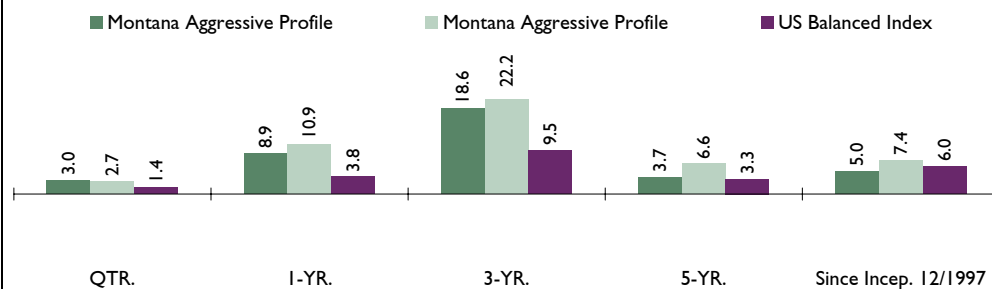
### Target Asset Allocation



### Fund Allocation



### Net Historical Performance as of December 31, 2005 (%)



### Fund Strategy

The Fund seeks to achieve a high total return on investment through long-term capital appreciation. The Fund seeks to achieve its objective by investing in some of the options available under the FutureFunds II Series Account, a set of variable annuity funds. All underlying holdings are Maxim products.

**Montana Index Components:** 20% S&P 500 Index; 30% Russell Midcap Index; 20% Russell 2000 Index; and 30% MSCI ACWI ex-US.

### Fund Narrative

Montana's Aggressive Profile outpaced the US Balanced Index by a significant margin during 2005. However, the Fund underperformed the Montana Aggressive Index over all time periods presented. Peer group rankings and Sharpe Ratio statistics meet the State's investment policy criteria on a three- and five-year basis. **Recommendation:** Arnerich Massena recommends reviewing the potential replacement of the Plan's profile options with pre-mixed options.

Russell Percentile Rank*					Portfolio Statistics			
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	Sharpe Ratio	Manager	Mean	Index
6	5	1	36	56	3-Year	1.3	1.2	1.6
(105)	(105)	(105)	(103)	(114)	5-Year	0.1	0.1	0.2

\*Percentile Rank & Sharpe Ratio Mean is based on funds in the Russell universe of balanced mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

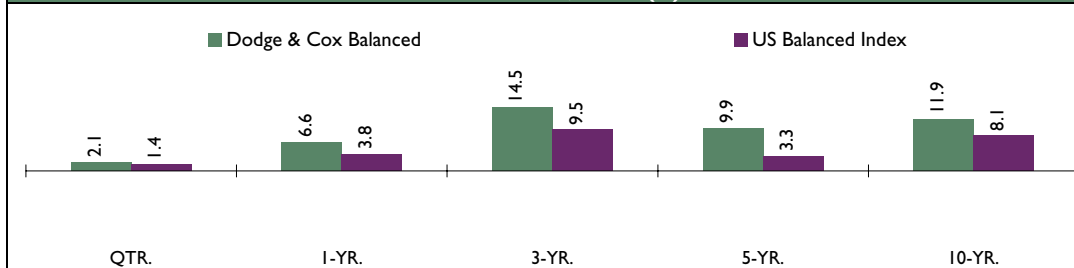
# Dodge and Cox Balanced

Holdings-Based Analysis as of September 30, 2005

Performance-Based Analysis as of December 31, 2005

Portfolio Sector Weights				Equity Portfolio Characteristics		Fixed Income Characteristics		
U.S. Governments	<div></div> 36.9%	Con. Discretionary	<div></div> 13.7%	Average Market Value (\$ Mil.)	43,842	Average Duration (yrs.)	3.0	
	<div></div> 36.7%		<div></div> 11.5%	Number of Holdings	90	Average Maturity (yrs.)	4.8	
Mortgages		Con. Staples	<div></div> 4.2%	Avg. Annual Portfolio Turnover	18%	Average Quality	AA+	
			<div></div> 8.5%	Portfolio Fee Information		Portfolio Statistics		
	<div></div> 34.5%	Energy	<div></div> 8.2%	Expense Ratio	0.54%	Vs. Asset Class Benchmark		
	<div></div> 38.1%		<div></div> 9.3%	12b-1 Fee Included	N/A	Manager		
Corporates		Financials	<div></div> 15.1%	Morningstar Average	1.22%	Index		
			<div></div> 23.9%	Minimum Investment	Closed	Standard Deviation (%)		
	<div></div> 28.6%	Health Care	<div></div> 13.3%	Top Ten Equity Holdings		Beta (Benchmark Specific Risk)		
	<div></div> 23.9%		<div></div> 12.3%	Company	% of Portfolio	3-Year		
Asset Backed		Industrials	<div></div> 6.7%	HEWLETT-PACKARD	3.8%	5-Year		
			<div></div> 9.3%	COMCAST 'A'	2.6%	Alpha (Added Value Relative to Benchmark)		
		Information Tech.	<div></div> 18.0%	CARDINAL HEALTH	2.5%	3-Year		
			<div></div> 4.6%	TIME WARNER	2.4%	5-Year		
Foreign	<div></div> 1.2%	Materials	<div></div> 7.2%	MCDONALDS	2.4%	Sharpe Ratio		
			<div></div> 2.9%	NEWS CORP.'A'	2.2%	3-Year		
		Telecom. Services	<div></div> 0.6%	CHEVRON	2.2%	5-Year		
			<div></div> 3.4%	SONY ADR 1:1	2.2%	R-Squared (3-Year Trailing)		
		Utilities	<div></div> 1.7%	MATSUSHITA ELEC.INDL.ADR 1:1	2.0%	vs. Asset Class Benchmark		
			<div></div> 3.7%	UNION PACIFIC	1.9%	0.87		
Cash & Equivalents		Misc.	<div></div> 11.5%	% of Total Portfolio	24.3%	N/A		
			<div></div> 0.0%	Manager Information				
		Cash & Equivalents	0.0%	Lead Manager	Team Managed	R-Squared (3-Year Trailing)		
				Tenure on Product	N/A	vs. Asset Class Benchmark		
				Ticker	DODBX	0.87		
				Prospectus Information	www.dodgeandcox.com	N/A		

## Net Historical Performance as of December 31, 2005 (%)



## Fund Strategy

Dodge & Cox Balanced Fund seeks long-term growth income and conservation of principal. The Fund invests in a diversified portfolio of common stocks, preferred stocks and fixed-income securities. It may invest up to 75% of assets in common stocks and convertible securities. Fixed-income investments typically include investment-grade debt securities. It may invest in government obligations, mortgage- and asset-backed securities, CMOs, and corporate bonds. When selecting securities, management may consider yield to maturity, quality, liquidity, and current yield.

## Russell Percentile Rank\*

## Year-End Assets in Fund (\$ Mil.)

## Notes

QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004
25	20	6	3	5	\$4,909	\$6,040	\$7,885	\$13,196	\$20,741
(105)	(105)	(105)	(103)	(79)					

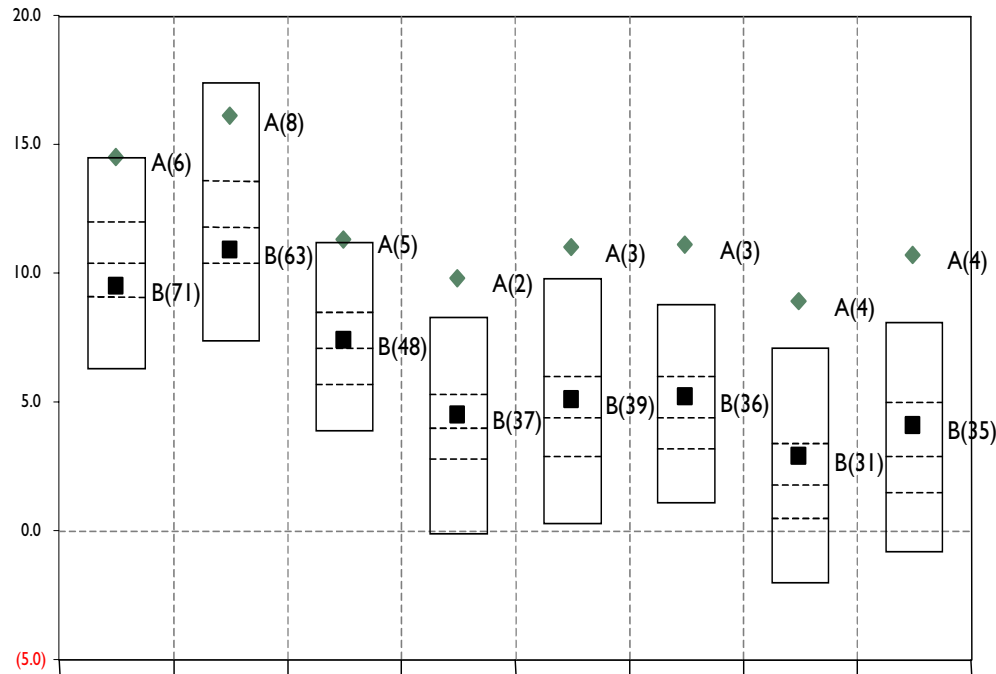
\*Percentile Rank is based on the Russell universe of balanced mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

# Dodge and Cox Balanced

Performance-Based Analysis as of December 31, 2005

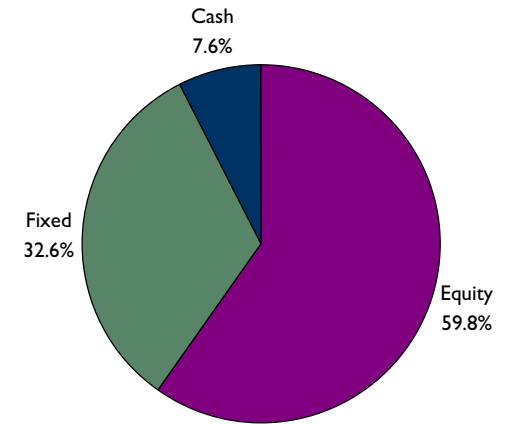
## 3-Year Rolling Returns

Returns vs. US Balanced Index  
Balanced Mutual Fund Universe(USD)

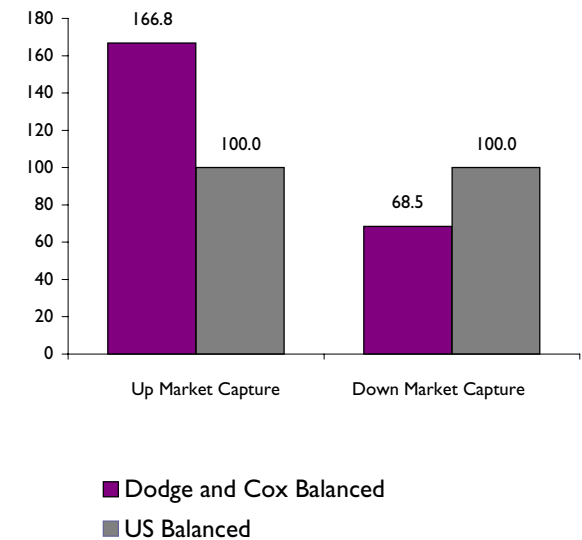


	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	14.5	17.4	11.2	8.3	9.8	8.8	7.1	8.1
25th Percentile	12.0	13.6	8.5	5.3	6.0	6.0	3.4	5.0
Median	10.4	11.8	7.1	4.0	4.4	4.4	1.8	2.9
75th Percentile	9.1	10.4	5.7	2.8	2.9	3.2	0.5	1.5
95th Percentile	6.3	7.4	3.9	(0.1)	0.3	1.1	(2.0)	(0.8)
Member Count	105	107	108	118	119	124	125	129
Dodge & Cox Bal (A) ◆	14.5	16.1	11.3	9.8	11.0	11.1	8.9	10.7
US Balanced Index (B) ■	9.5	10.9	7.4	4.5	5.1	5.2	2.9	4.1

## Asset Allocation as of September 30, 2005



## Up Market/Down Market Capture -- 5-Year



Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Davis NY Venture Class A

Sector Weights <sup>1</sup>	Portfolio Characteristics
-----------------------------	---------------------------

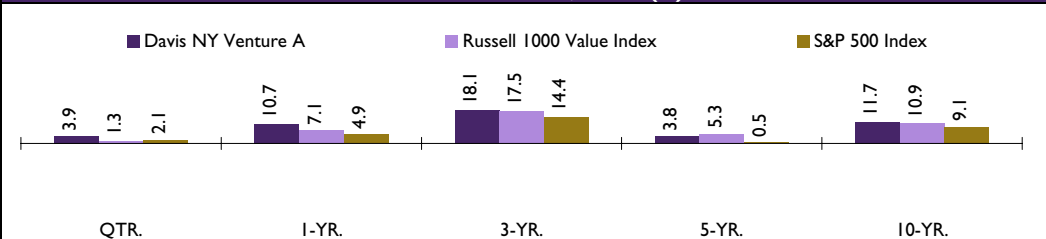
## Portfolio Statistics

Con. Discretionary	<div><div></div><div></div></div> <div>13.9% 8.7%</div>	<div><div></div><div></div></div> <div>Davis NY Venture Class A</div> <div>Russell 1000 Value Index</div>	Average Market Cap (\$ Mil.)		64,803	Vs. Asset Class Benchmark			Manager	Index
			Number of Holdings		54	Standard Deviation (%)				
Avg. Annual Portfolio Turnover			6%	3-Year			9.45	9.04		
			5-Year			13.47	14.82			
Con. Staples	<div><div></div><div></div></div> <div>9.2% 6.2%</div>		Portfolio Fee Information							
Energy	<div><div></div><div></div></div> <div>7.9% 14.8%</div>		Expense Ratio		0.89%	Beta (Benchmark Specific Risk)				
Financials	<div><div></div><div></div></div> <div>48.4% 34.6%</div>		12b-1 Fee Included		0.25%	3-Year			0.99	1.00
			Morningstar Average		1.38%	5-Year			0.87	1.00
Health Care	<div><div></div><div></div></div> <div>2.4% 6.8%</div>		Minimum Investment		\$1,000					
			Top Ten Holdings							
Industrials	<div><div></div><div></div></div> <div>7.1% 5.9%</div>		Company		% of Portfolio	Alpha (Added Value Relative to Benchmark)				
			AMERICAN EXPRESS CO COM		6.8%	3-Year			3.4%	N/A
Information Tech.	<div><div></div><div></div></div> <div>2.8% 4.9%</div>		ALTRIA GROUP INC COM		5.8%	5-Year			3.0%	N/A
		TYCO INTL LTD NEW COM		4.6%						
Materials	<div><div></div><div></div></div> <div>4.1% 4.1%</div>	AMERICAN INTL GROUP INC COM		4.3%	Sharpe Ratio					
		BERKSHIRE HATHAWAY INC DEL CL A		3.6%	3-Year			1.73	1.40	
Telecom. Services	<div><div></div><div></div></div> <div>0.4% 6.4%</div>	WELLS FARGO & CO NEW COM		3.6%	5-Year			0.12	-0.11	
		HSBC HLDGS ORD USD0.50(UK REG)		3.5%						
Utilities	<div><div></div><div></div></div> <div>7.5%</div>	GOLDEN WEST FINL CORP DEL COM		3.5%	R-Squared (3-Year Trailing)					
		CITIGROUP INC COM		3.4%	vs. Asset Class Benchmark			0.89	N/A	
Misc.	<div><div></div><div></div></div> <div>3.8%</div>	COSTCO WHSL CORP NEW COM		3.1%	vs. Style Benchmark			0.92	N/A	
		% of Total Portfolio		42.1%						
Cash & Equivalents	<div><div></div><div></div></div> <div>3.8%</div>	Manager Information								
		Lead Manager		Davis/Feinberg						
		Tenure on Product		1995, 1998						
		Ticker		NYVTX						
		Prospectus Information		www.davisfunds.com						

Representative Index Weights as of September 30, 2005

<sup>1</sup> Representative Index Weights as of September 30, 2005

### Net Historical Performance as of December 31, 2005 (%)



## Fund Strategy

Davis NY Venture Fund seeks growth of capital. The Fund invests primarily in equities issued by companies with market capitalizations of at least \$5 billion, though it may also hold securities of smaller companies. It may invest in securities of foreign issuers.

Russell Percentile Rank*					Year-End Assets in Fund (\$ Mil.)				
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004
4	9	14	52	9	\$10,600	\$10,463	\$8,258	\$11,563	\$15,108
(229)	(229)	(229)	(210)	(136)					

\*Percentile Rank is based on the Russell universe of large value mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

Notes

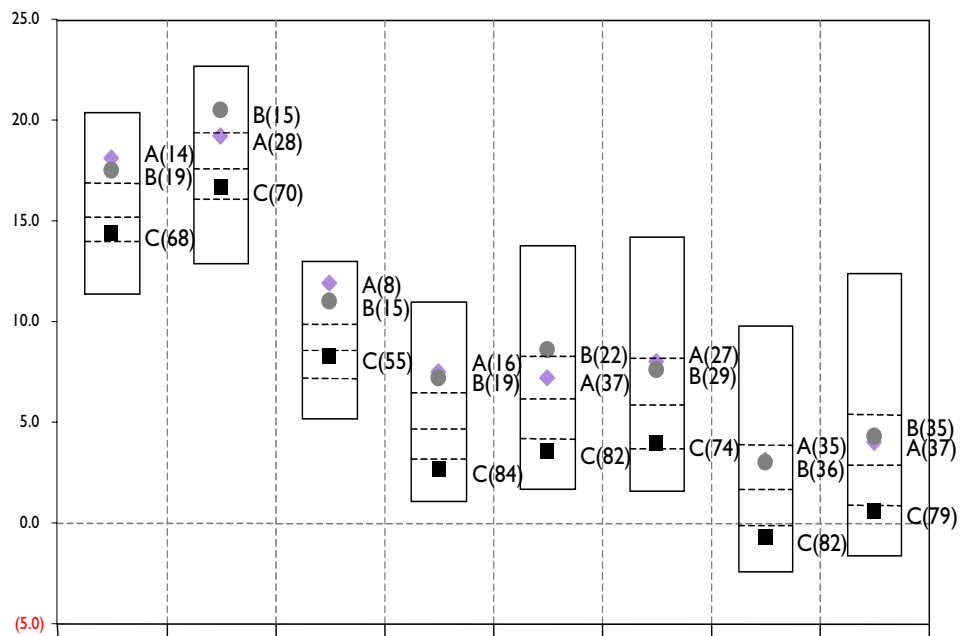
Arnerich Massena &amp; Associates, Inc. ~ Quarter Ending December 31, 2005

# Davis NY Venture Class A

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

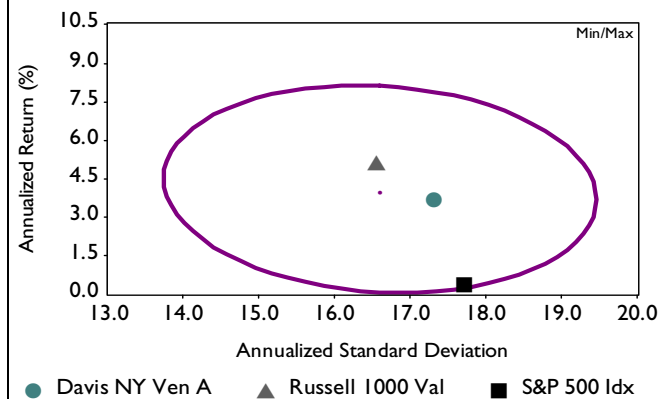
Returns vs. Russell 1000 Value Index  
Large Cap Value Mutual Fund Universe(USD)



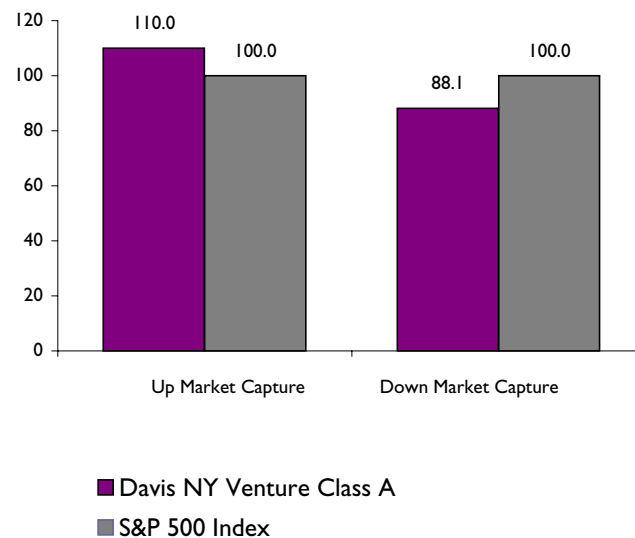
	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	20.4	22.7	13.0	11.0	13.8	14.2	9.8	12.4
25th Percentile	16.9	19.4	9.9	6.5	8.3	8.2	3.9	5.4
Median	15.2	17.6	8.6	4.7	6.2	5.9	1.7	2.9
75th Percentile	14.0	16.1	7.2	3.2	4.2	3.7	(0.1)	0.9
95th Percentile	11.4	12.9	5.2	1.1	1.7	1.6	(2.4)	(1.6)
Member Count	229	236	240	182	188	188	190	189
Davis NY Vent A (A)	18.1	19.2	11.9	7.5	7.2	8.0	3.1	4.0
Russell 1000 Val Idx (B)	17.5	20.5	11.0	7.2	8.6	7.6	3.0	4.3
S&P 500 Index (C)	14.4	16.7	8.3	2.7	3.6	4.0	(0.7)	0.6

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



# Vanguard Institutional Index

Holdings-Based Analysis as of December 31, 2004

Performance-Based Analysis as of December 31, 2005

Sector Weights <sup>1</sup>		Portfolio Characteristics		Portfolio Statistics			
Con. Discretionary	<div><div></div><div></div></div> <div>11.5% 11.5%</div>	Average Market Cap (\$ Mil.)	92,263	Vs. Asset Class Benchmark		Manager	Index
	Con. Staples	<div><div></div><div></div></div> <div>8.5% 8.5%</div>	Number of Holdings	504	Standard Deviation (%)		
Energy		<div><div></div><div></div></div> <div>9.3% 9.3%</div>	Avg. Annual Portfolio Turnover	5%	3-Year	9.04	9.04
	Financials	<div><div></div><div></div></div> <div>23.9% 23.9%</div>	Portfolio Fee Information		5-Year	14.81	14.82
Health Care		<div><div></div><div></div></div> <div>12.3% 12.3%</div>	Expense Ratio	0.05%	Beta (Benchmark Specific Risk)		
	Industrials	<div><div></div><div></div></div> <div>9.3% 9.3%</div>	12b-1 Fee Included	N/A	3-Year	1.00	1.00
Information Tech.		<div><div></div><div></div></div> <div>14.6% 14.6%</div>	Morningstar Average	0.62%	5-Year	1.00	1.00
	Materials	<div><div></div><div></div></div> <div>2.9% 2.9%</div>	Minimum Investment	\$5,000,000	Alpha (Added Value Relative to Benchmark)		
Telecom. Services		<div><div></div><div></div></div> <div>3.4% 3.4%</div>	Top Ten Holdings		3-Year	0.0%	N/A
	Utilities	<div><div></div><div></div></div> <div>3.7% 3.7%</div>	Company	% of Portfolio	5-Year	0.0%	N/A
Misc.		<div><div></div><div></div></div> <div></div>	GENERAL ELEC CO COM	3.4%	Sharpe Ratio		
	Cash & Equivalents	<div><div></div><div></div></div> <div></div>	EXXON MOBIL CORP COM	2.9%	3-Year	1.40	1.40
			MICROSOFT CORP COM	2.6%	5-Year	-0.11	-0.11
		CITIGROUP INC COM	2.2%	R-Squared (3-Year Trailing)			
		WAL MART STORES INC COM	2.0%	vs. Asset Class Benchmark	1.00	N/A	
		PFIZER INC COM	1.8%	vs. Style Benchmark	N/A	N/A	
		BANK OF AMERICA CORPORATION COM	1.7%				
		JOHNSON & JOHNSON COM	1.7%				
		AMERICAN INTL GROUP INC COM	1.5%				
		INTERNATIONAL BUSINESS MACH COM	1.5%				
		% of Total Portfolio	21.2%				
		Manager Information					
		Lead Manager	Donald Butler				
		Tenure on Product	2000				
		Ticker	VINIX				
		Prospectus Information	www.vanguard.com				

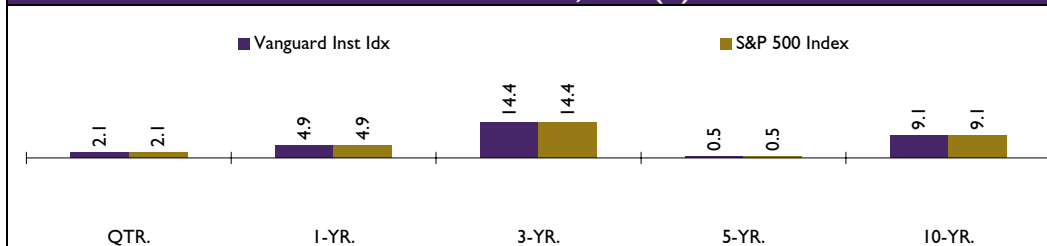
Vanguard Institutional Index

S&P 500 Index

Representative Index Weights as of September 30, 2005

<sup>1</sup>Representative Index Weights as of September 30, 2005

## Net Historical Performance as of December 31, 2005 (%)



## Fund Strategy

Vanguard Institutional Index Fund seeks to replicate the aggregate price and yield performance, before fund expenses, of the S&P 500 Index. The Fund invests in all 500 stocks listed in the S&P 500 Index in approximately the same proportions as they are represented in the index. The correlation between the performance of the Fund and that of the index is expected to be 0.95 or higher.

Russell Percentile Rank*					Year-End Assets in Fund (\$ Mil.)					Notes
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004	
56 (708)	61 (708)	48 (708)	50 (661)	34 (411)	\$26,406	\$24,165	\$20,361	\$29,458	\$34,990	

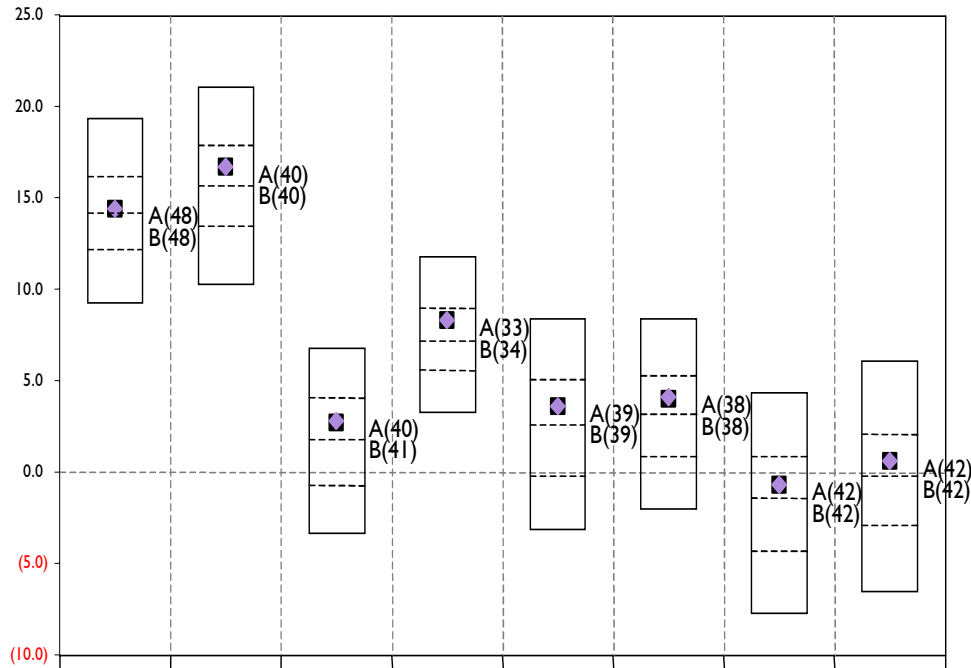
\*Percentile Rank is based on the Russell universe of large blend mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

# Vanguard Institutional Index

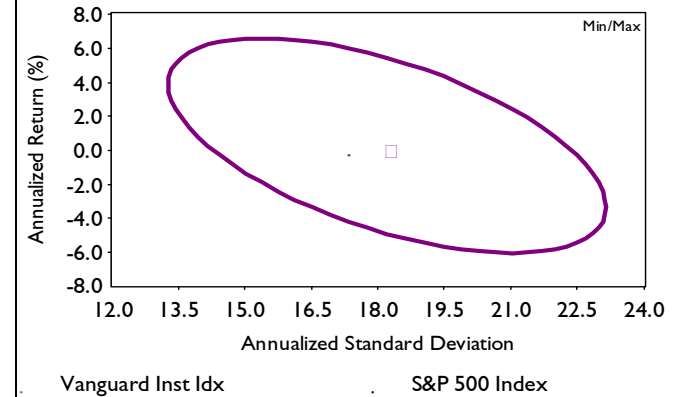
Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

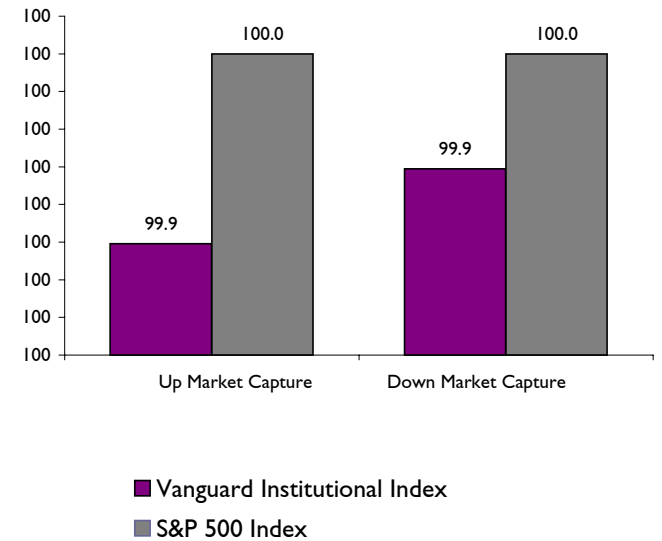
Returns vs. S&P 500 Index  
Large Cap Blend Mutual Fund Universe(USD)



## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

# Fidelity Contrafund

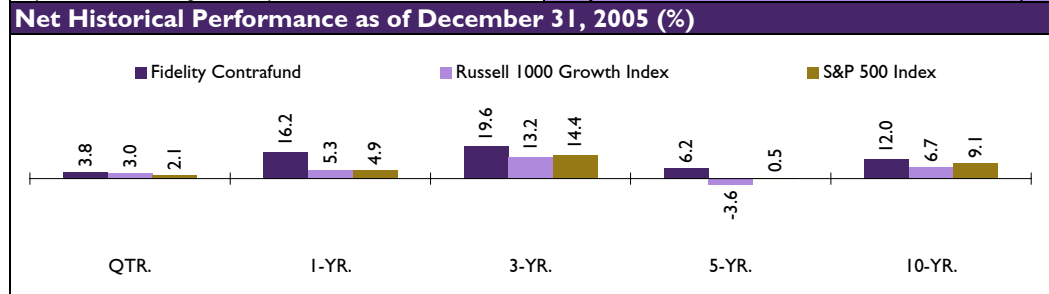
Holdings-Based Analysis as of December 31, 2004

Performance-Based Analysis as of December 31, 2005

Sector Weights <sup>1</sup>			Portfolio Characteristics		Portfolio Statistics				
Con. Discretionary	<div><div></div><div></div></div> <div>11.8% 11.5%</div>	<div>Fidelity Contrafund</div> <div>SP 500 Index</div>	Average Market Cap (\$ Mil.)		36,014	Vs. Asset Class Benchmark		Manager	Index
	Con. Staples		<div><div></div><div></div></div> <div>5.4% 8.5%</div>	Number of Holdings		472	Standard Deviation (%)		
Energy			<div><div></div><div></div></div> <div>8.5% 9.3%</div>	Avg. Annual Portfolio Turnover		64%	3-Year		8.97
	Financials		<div><div></div><div></div></div> <div>12.0% 23.9%</div>	Portfolio Fee Information			5-Year		10.59
Health Care			<div><div></div><div></div></div> <div>10.1% 12.3%</div>	Expense Ratio		0.94%	Beta (Benchmark Specific Risk)		
	Industrials		<div><div></div><div></div></div> <div>13.1% 9.3%</div>	12b-1 Fee Included		N/A	3-Year		0.86
Information Tech.			<div><div></div><div></div></div> <div>15.9% 14.6%</div>	Morningstar Average		1.20%	5-Year		0.58
	Materials		<div><div></div><div></div></div> <div>7.6% 2.9%</div>	Minimum Investment		\$2,500	Alpha (Added Value Relative to Benchmark)		
Telecom. Services			<div><div></div><div></div></div> <div>4.2% 3.4%</div>	Top Ten Holdings			3-Year		6.4%
	Utilities		<div><div></div><div></div></div> <div>0.6% 3.7%</div>	Company		% of Portfolio	5-Year		4.8%
Misc.			<div><div></div><div></div></div> <div>0.0% 0.0%</div>	BERKSHIRE HATHAWAY INC DEL CL A		2.6%	Sharpe Ratio		
	Cash & Equivalents		<div><div></div></div> <div>10.9%</div>	3M CO COM		2.4%	3-Year		1.99
				AVON PRODS INC COM		2.3%	5-Year		0.38
			ENCANA CORP COM		2.2%	R-Squared (3-Year Trailing)			
			YAHOO INC COM		1.9%	vs. Asset Class Benchmark		0.75	N/A
			GENENTECH INC COM NEW		1.4%	vs. Style Benchmark		N/A	N/A
			DANAHER CORP DEL COM		1.2%				
			MARVELL TECHNOLOGY GROUP LT ORD		1.2%				
			PATTERSON COMPANIES INC COM		1.2%				
			AMERICAN INTL GROUP INC COM		1.2%				
			% of Total Portfolio		17.6%				
			Manager Information						
			Lead Manager		Will Danoff				
			Tenure on Product		1990				
			Ticker		FCNTX				
			Prospectus Information		www.fidelity.com				

<sup>1</sup>Representative Index Weights as of September 30, 2005

<sup>1</sup>Representative Index Weights as of September 30, 2005



**Fund Strategy**

Fidelity Contrafund seeks capital appreciation. The Fund invests primarily in the common stock of companies believed to be undervalued. The types of companies in which the Fund may invest include companies experiencing positive fundamental change such as a new management team or product launch or companies that are undervalued in relation to securities of other companies in the same industry.

Russell Percentile Rank*					Year-End Assets in Fund (\$ Mil.)					Notes
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004	
19 (708)	1 (708)	5 (708)	7 (661)	5 (411)	\$40,285	\$32,321	\$27,695	\$36,051	\$44,485	

\*Percentile Rank is based on the Russell universe of large blend mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

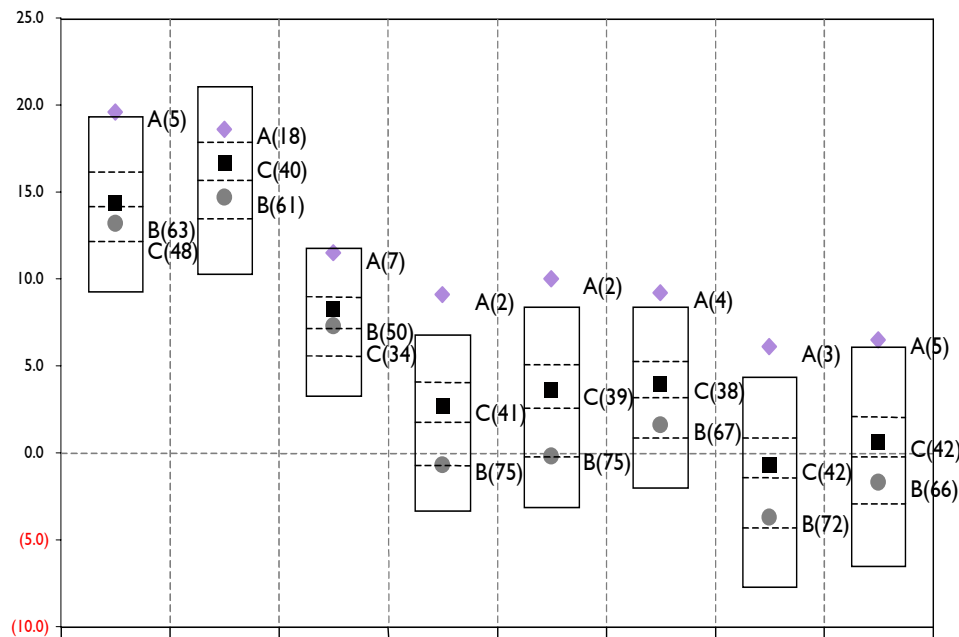


# Fidelity Contrafund

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

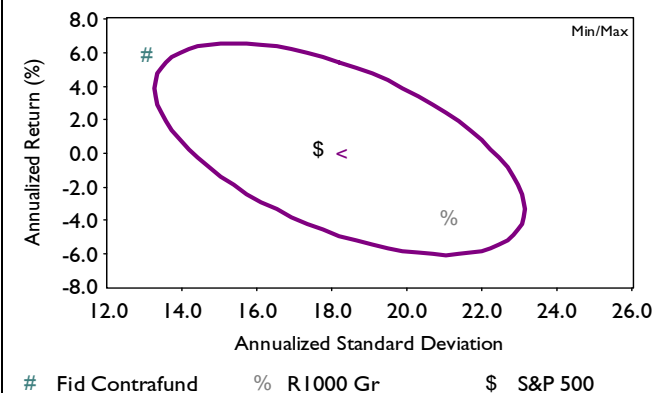
Returns vs. Russell 1000 Growth Index  
Large Cap Blend Mutual Fund Universe(USD)



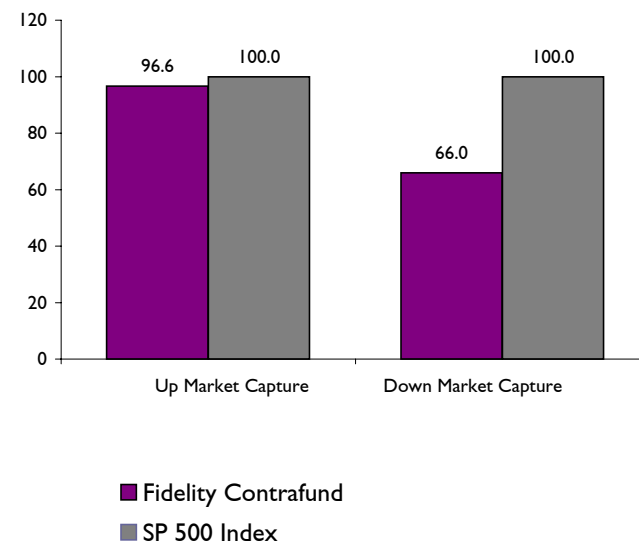
	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	19.4	21.1	11.8	6.8	8.4	8.4	4.4	6.1
25th Percentile	16.2	17.9	9.0	4.1	5.1	5.3	0.9	2.1
Median	14.2	15.7	7.2	1.8	2.6	3.2	(1.4)	(0.2)
75th Percentile	12.2	13.5	5.6	(0.7)	(0.2)	0.9	(4.3)	(2.9)
95th Percentile	9.3	10.3	3.3	(3.3)	(3.1)	(2.0)	(7.7)	(6.5)
Member Count	708	715	728	552	561	572	575	584
Fidelity Contrafund (A) ♦	19.6	18.6	11.5	9.1	10.0	9.2	6.1	6.5
Russell 1000 Growth (B) ●	13.2	14.7	7.3	(0.7)	(0.2)	1.6	(3.7)	(1.7)
S&P 500 Index (C) ■	14.4	16.7	8.3	2.7	3.6	4.0	(0.7)	0.6

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



# Calvert Social Investor Equity A

Holdings-Based Analysis as of March 31, 2005

Performance-Based Analysis as of December 31, 2005

Sector Weights <sup>1</sup>			Portfolio Characteristics		Portfolio Statistics			
Con. Discretionary	<div><div></div><div></div></div> <div>18.1% 11.5%</div>		Average Market Cap (\$ Mil.)	44,828	Vs. Asset Class Benchmark		Manager	Index
			Number of Holdings	48	Standard Deviation (%)			
Con. Staples	<div><div></div><div></div></div> <div>3.9% 8.5%</div>		Avg. Annual Portfolio Turnover	17%	3-Year		9.12	9.04
					5-Year		14.33	14.82
Energy	<div><div></div><div></div></div> <div>3.7% 9.3%</div>		Portfolio Fee Information					
Financials	<div><div></div><div></div></div> <div>11.7% 23.9%</div>		Expense Ratio	1.25%	Beta (Benchmark Specific Risk)			
			12b-1 Fee Included	0.25%	3-Year		0.95	1.00
Health Care	<div><div></div><div></div></div> <div>17.8% 12.3%</div>		Morningstar Average	1.20%	5-Year		0.93	1.00
			Minimum Investment	\$1,000				
Industrials	<div><div></div><div></div></div> <div>16.1% 9.3%</div>		Top Ten Holdings		Alpha (Added Value Relative to Benchmark)			
			Company	% of Portfolio	3-Year		-2.7%	N/A
Information Tech.	<div><div></div><div></div></div> <div>18.1% 14.6%</div>		EOG RES INC COM	3.6%	5-Year		2.4%	N/A
			PFIZER INC COM	3.1%				
Materials	<div><div></div><div></div></div> <div>4.7% 2.9%</div>		KOHL'S CORP COM	3.0%	Sharpe Ratio			
			CISCO SYS INC COM	3.0%	3-Year		0.99	1.40
Telecom. Services	<div><div></div><div></div></div> <div>3.4% 2.6%</div>		DELL INC COM	2.9%	5-Year		0.06	-0.11
			AMGEN INC COM	2.9%				
Utilities	<div><div></div><div></div></div> <div>3.7% 3.7%</div>		EXPRESS SCRIPTS INC COM	2.8%	R-Squared (3-Year Trailing)			
			AMERICAN EXPRESS CO COM	2.8%	vs. Asset Class Benchmark		0.89	N/A
Misc.	<div><div></div><div></div></div> <div>3.3% 3.7%</div>		ILLINOIS TOOL WKS INC COM	2.7%	vs. Style Benchmark		0.00	N/A
			WALGREEN CO COM	2.7%				
Cash & Equivalents	<div><div></div><div></div></div> <div>3.3%</div>		% of Total Portfolio		29.4%			
			Manager Information					
			Lead Manager	Daniel W. Boone III				
			Tenure on Product	1998				
			Ticker	CSIEX				
			Prospectus Information	www.calvert.com				

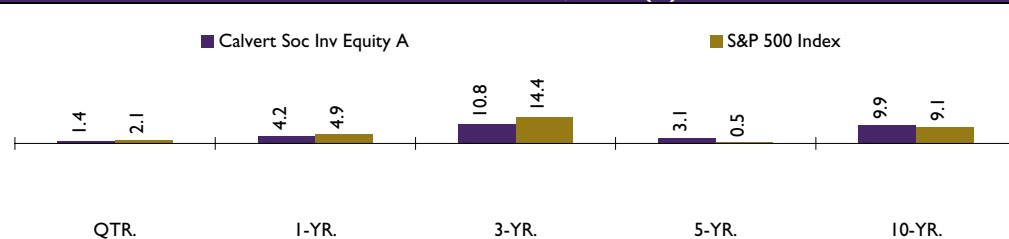
Calvert Social Investor Equity A

S&P 500 Index

<sup>1</sup>Representative Index Weights as of September 30, 2005

<sup>1</sup>Representative Index Weights as of September 30, 2005

## Net Historical Performance as of December 31, 2005 (%)



## Fund Strategy

Calvert Social Investment Equity Fund seeks growth of capital. The Fund normally invests in common stocks of large-cap companies having market capitalization of at least \$1 billion. Investment returns will be mostly from changes in the price of the fund's holdings. The Fund invests with the philosophy that long-term rewards to investors will come from those organizations whose products, services, and methods enhance the human condition and the traditional American values of individual initiative, equality of opportunity, and cooperative effort.

Russell Percentile Rank*					Year-End Assets in Fund (\$ Mil.)					Notes
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004	
75 (708)	70 (708)	89 (708)	26 (661)	20 (411)	\$253	\$312	\$380	\$619	\$783	

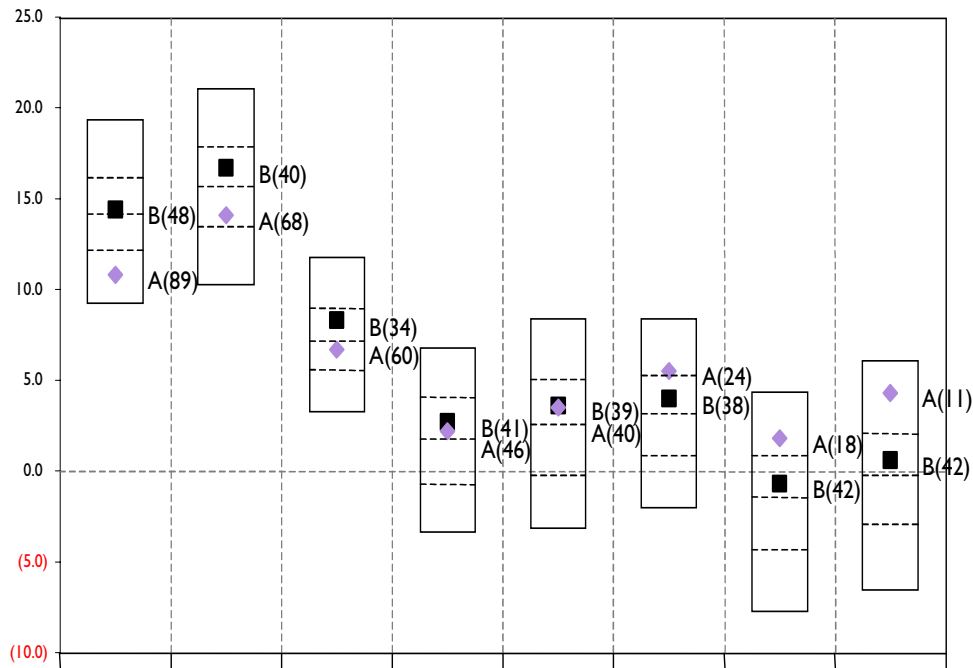
\*Percentile Rank is based on the Russell universe of large blend mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

# Calvert Social Investor Equity A

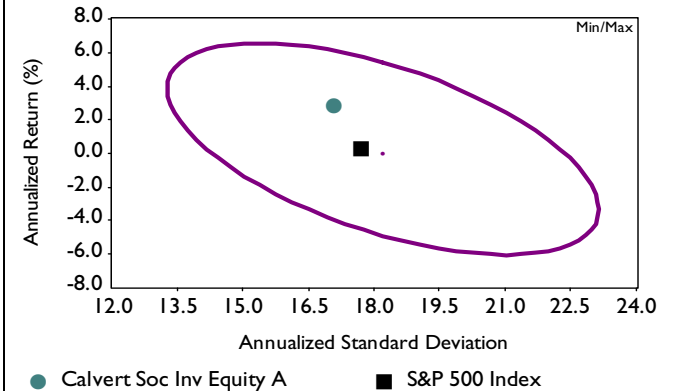
Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

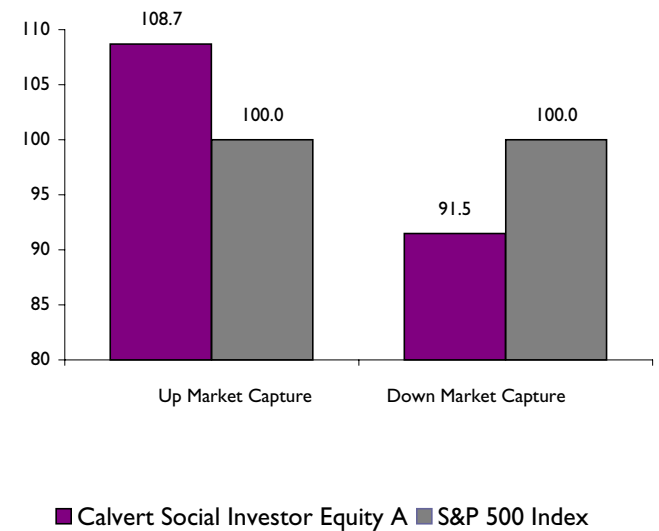
Returns vs. S&P 500 Index  
Large Cap Blend Mutual Fund Universe(USD)



## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	19.4	21.1	11.8	6.8	8.4	8.4	4.4	6.1
25th Percentile	16.2	17.9	9.0	4.1	5.1	5.3	0.9	2.1
Median	14.2	15.7	7.2	1.8	2.6	3.2	(1.4)	(0.2)
75th Percentile	12.2	13.5	5.6	(0.7)	(0.2)	0.9	(4.3)	(2.9)
95th Percentile	9.3	10.3	3.3	(3.3)	(3.1)	(2.0)	(7.7)	(6.5)
Member Count	708	715	728	552	561	572	575	584
Calv Soc Inv Eq A (A) ◆	10.8	14.1	6.7	2.2	3.5	5.5	1.8	4.3
S&P 500 Index (B) ■	14.4	16.7	8.3	2.7	3.6	4.0	(0.7)	0.6

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

# TCW Galileo Select Equity N

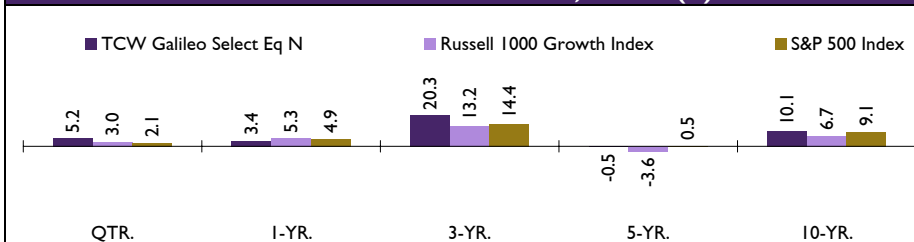
Holdings-Based Analysis as of April 30, 2005

Performance-Based Analysis as of December 31, 2005

Sector Weights <sup>1</sup>		Portfolio Characteristics		Portfolio Statistics			
Con. Discretionary	<div><div></div><div></div></div> <div>35.9% 17.5%</div>	Average Market Cap (\$ Mil.) Number of Holdings Avg. Annual Portfolio Turnover	48,887 26 14%	Vs. Asset Class Benchmark		Manager	Index
	Con. Staples			<div><div></div><div></div></div> <div>0.0% 10.5%</div>	Standard Deviation (%)		
Energy		<div><div></div><div></div></div> <div>0.0% 2.9%</div>	Portfolio Fee Information		3-Year	15.11	9.04
	Financials	<div><div></div><div></div></div> <div>14.3% 6.5%</div>			5-Year	24.44	14.82
Health Care		<div><div></div><div></div></div> <div>11.3% 19.8%</div>	Expense Ratio 12b-1 Fee Included Morningstar Average Minimum Investment	1.20% 0.25% 1.49% \$2,000	Beta (Benchmark Specific Risk)		
	Industrials	<div><div></div><div></div></div> <div>2.1% 12.5%</div>			3-Year	1.37	1.00
Information Tech.		<div><div></div><div></div></div> <div>36.4% 25.9%</div>	Top Ten Holdings		5-Year	1.53	1.00
	Materials	<div><div></div><div></div></div> <div>0.0% 2.7%</div>			Alpha (Added Value Relative to Benchmark)		
Telecom. Services		<div><div></div><div></div></div> <div>0.0% 0.8%</div>	Company	% of Portfolio	3-Year	1.3%	N/A
	Utilities	<div><div></div><div></div></div> <div>0.0% 1.1%</div>			5-Year	1.1%	N/A
Misc.		<div><div></div><div></div></div> <div>0.0% 0.0%</div>	PROGRESSIVE CORP OHIO COM GENENTECH INC COM NEW YAHOO INC COM NETWORK APPLIANCE INC COM AMAZON COM INC COM EBAY INC COM APOLLO GROUP INC CL A QUALCOMM INC COM XM SATELLITE RADIO HLDGS IN CL A GOOGLE INC CL A		Sharpe Ratio		
	Cash & Equivalents	<div><div></div><div></div></div> <div>0.0%</div>			3-Year	1.23	1.40
					5-Year	-0.11	-0.11
					R-Squared (3-Year Trailing)		
					vs. Asset Class Benchmark	0.67	N/A
					vs. Style Benchmark	0.84	N/A

<sup>1</sup>Representative Index Weights as of September 30, 2005

## Net Historical Performance as of December 31, 2005\*\* (%)



## Fund Strategy

TCW Galileo Select Equities Fund seeks long-term capital appreciation. The Fund normally invests at least 65% of assets in common stocks and convertibles of well-established companies with market capitalizations of \$1 billion or more. It typically maintains 30-50 individual securities, and usually holds them for one to two years. The Fund may invest up to 25% of assets in foreign securities. It is nondiversified.

## Russell Percentile Rank\*

QTR.	1-YR.	3-YR.	5-YR.	10-YR.
15	78	4	24	14
(252)	(252)	(252)	(239)	(139)

## Year-End Assets in Style (\$ Mil.)

2000	2001	2002	2003	2004
\$11,793	\$15,016	\$12,451	\$22,758	\$27,827

## Notes

Performance prior to June 1998 is from a same style composite for manager at a previous firm, less the mutual fund expense ratio.

\*Percentile Rank is based on the Russell universe of large growth mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

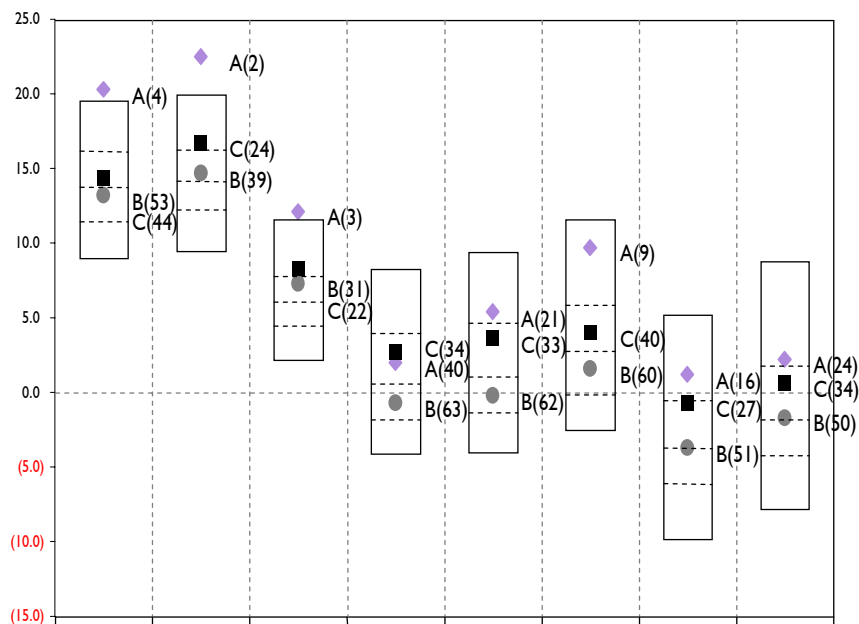
\*\*Refer to Notes

# TCW Galileo Select Equity N

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

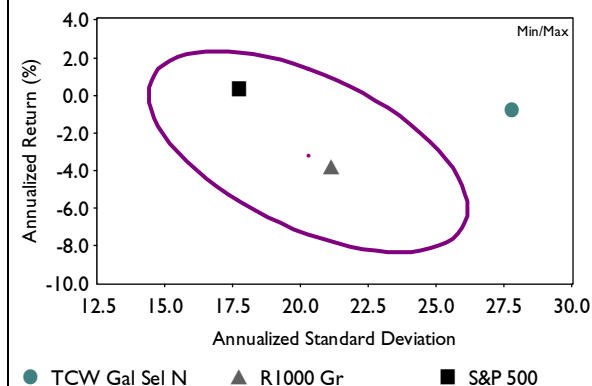
Returns vs. Russell 1000 Growth Index  
Large Cap Growth Mutual Fund Universe(USD)



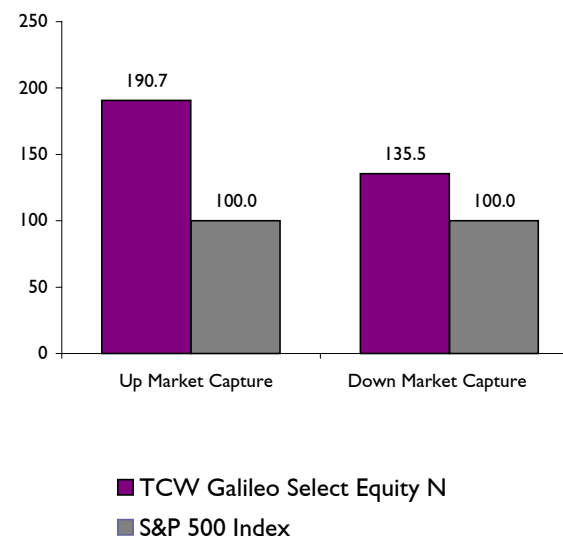
	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	19.6	20.0	11.6	8.3	9.4	11.6	5.2	8.8
25th Percentile	16.2	16.3	7.8	4.0	4.7	5.9	(0.5)	1.8
Median	13.8	14.2	6.1	0.6	1.1	2.8	(3.7)	(1.8)
75th Percentile	11.5	12.3	4.5	(1.8)	(1.3)	(0.1)	(6.1)	(4.2)
95th Percentile	9.0	9.5	2.2	(4.1)	(4.0)	(2.5)	(9.8)	(7.8)
Member Count	252	255	261	334	340	344	345	353
TCW Galileo Sel N (A)	20.3	22.5	12.1	2.0	5.4	9.7	1.2	2.2
Russell 1000 Gr Idx (B)	13.2	14.7	7.3	(0.7)	(0.2)	1.6	(3.7)	(1.7)
S&P 500 Index (C)	14.4	16.7	8.3	2.7	3.6	4.0	(0.7)	0.6

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



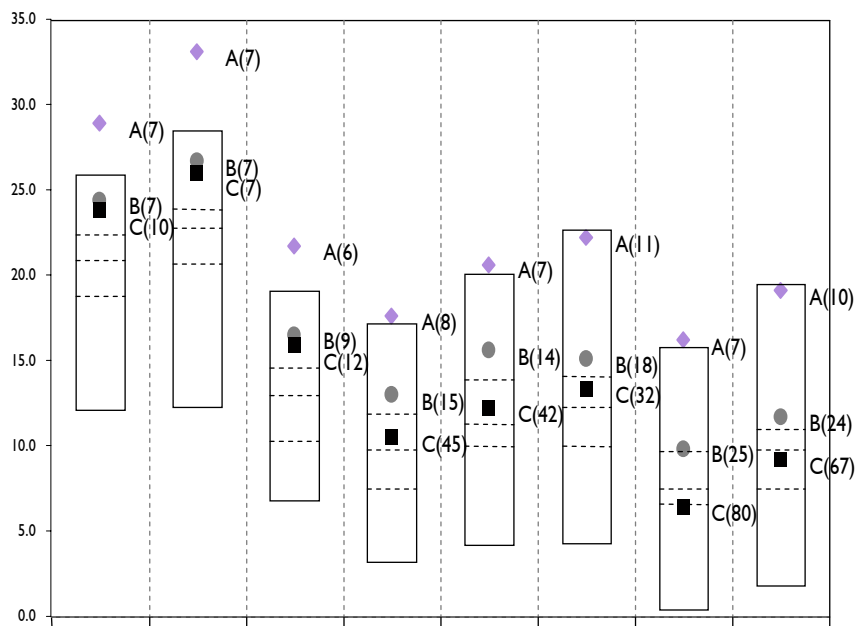


# Hotchkis and Wiley Mid Cap Value A

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

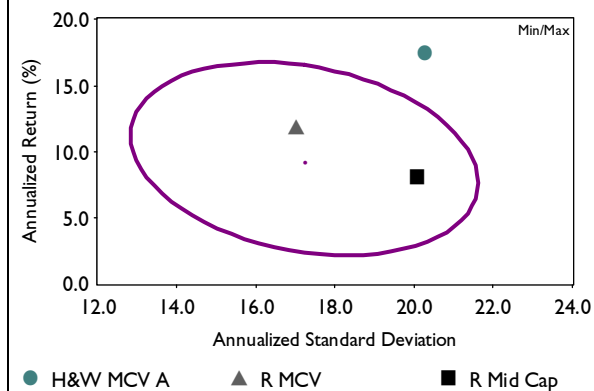
Returns vs. Russell Mid Cap Value Index  
Mid Cap Value Mutual Fund Universe(USD)



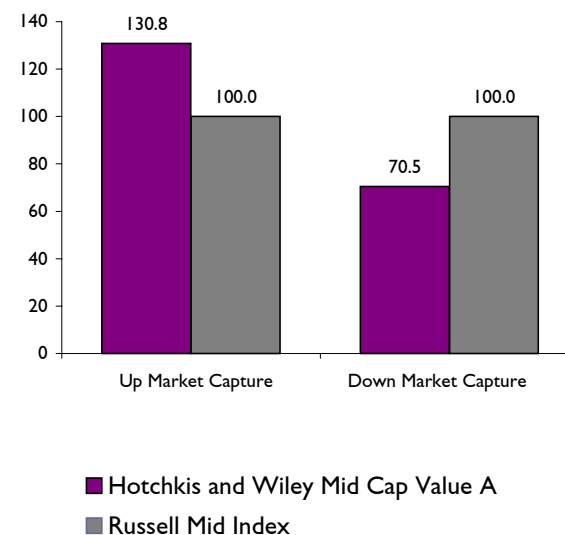
	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	25.9	28.5	19.1	17.2	20.1	22.7	15.8	19.5
25th Percentile	22.4	23.9	14.6	11.9	13.9	14.1	9.7	11.0
Median	20.9	22.8	13.0	9.8	11.3	12.3	7.5	9.8
75th Percentile	18.8	20.7	10.3	7.5	10.0	10.0	6.6	7.5
95th Percentile	12.1	12.3	6.8	3.2	4.2	4.3	0.4	1.8
Member Count	32	32	33	26	28	28	28	29
H&W Mid Val A (A) ♦	28.9	33.1	21.7	17.6	20.6	22.2	16.2	19.1
Russell Mid Val Idx (B) ●	24.4	26.7	16.5	13.0	15.6	15.1	9.8	11.7
Russell Mid Index (C) ■	23.8	26.0	15.9	10.5	12.2	13.3	6.4	9.2

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



# Artisan Mid Cap Investors

Holdings-Based Analysis as of June 30, 2005

Performance-Based Analysis as of December 31, 2005

Sector Weights <sup>1</sup>			Portfolio Characteristics		Portfolio Statistics			
Con. Discretionary	<div><div></div><div></div></div> <div>17.8% 25.2%</div>		Average Market Cap (\$ Mil.)	9,338	Vs. Asset Class Benchmark		Manager	Index
	Con. Staples		<div><div></div><div></div></div> <div>4.7% 3.7%</div>	Number of Holdings	90	Standard Deviation (%)		
			Avg. Annual Portfolio Turnover	101%	3-Year		12.37	11.22
					5-Year		19.21	15.79
Energy	<div><div></div><div></div></div> <div>4.1% 7.3%</div>		Portfolio Fee Information		Beta (Benchmark Specific Risk)			
Financials	<div><div></div><div></div></div> <div>8.1% 9.1%</div>		Expense Ratio	1.19%	3-Year		1.05	1.00
			12b-1 Fee Included	N/A	5-Year		1.16	1.00
Health Care	<div><div></div><div></div></div> <div>19.5% 16.2%</div>		Morningstar Average		Alpha (Added Value Relative to Benchmark)			
			Minimum Investment	Closed	3-Year		-5.9%	N/A
Industrials	<div><div></div><div></div></div> <div>9.8% 9.4%</div>		Top Ten Holdings		5-Year		-4.9%	N/A
			Company	% of Portfolio	Sharpe Ratio			
Information Tech.	<div><div></div><div></div></div> <div>24.8% 21.0%</div>		SMITH INTL.	2.6%	3-Year		1.32	1.96
			CONSTELLATION BRANDS 'A'	2.6%	5-Year		0.09	0.40
			ALLERGAN	2.5%	R-Squared (3-Year Trailing)			
			YAHOO (LIM)	2.1%	vs. Asset Class Benchmark		0.92	N/A
Materials	<div><div></div><div></div></div> <div>6.2% 4.7%</div>		AIR PRDS.& CHEMS.	2.1%	vs. Style Benchmark		0.94	N/A
			INVITROGEN	2.1%				
Telecom. Services	<div><div></div><div></div></div> <div>0.0% 1.0%</div>		ITT INDUSTRIES	2.0%				
			VARIAN MED.SYS.	2.0%				
			KOHL'S	1.9%				
			DANAHER	1.8%				
Utilities	<div><div></div><div></div></div> <div>1.3% 2.5%</div>		% of Total Portfolio		21.7%			
Misc.	<div><div></div><div></div></div> <div>3.7% 0.0%</div>		Manager Information					
			Lead Manager	Andrew C. Stephens				
			Tenure on Product	1997				
			Ticker	ARTMX				
			Prospectus Information	www.artisanfunds.com				
Cash & Equivalents	<div><div></div><div></div></div> <div>0.0%</div>							

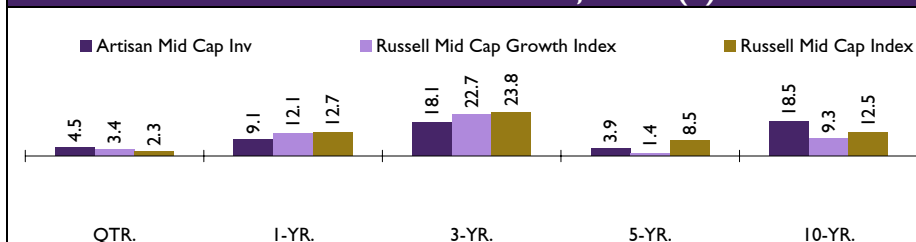
Artisan Mid Cap Investors

Russell Mid Growth Index

Representative Index Weights as of September 30, 2005

<sup>1</sup>Representative Index Weights as of September 30, 2005

## Net Historical Performance as of December 31, 2005\*\* (%)



## Fund Strategy

Artisan Mid Cap Fund seeks maximum long-term capital growth. Artisan uses a bottom-up investment process to construct a diversified portfolio of medium-sized U.S. growth companies. The security selection process has three key elements: buy stocks of companies with franchise characteristics that are selling at attractive valuations and seem well positioned to take advantage of an accelerating profit cycle. The Fund may sell a stock when Artisan thinks the stock is approaching full valuation, changing circumstances affect the original reasons for its purchase, the company exhibits deteriorating fundamentals, or more attractive opportunities are identified.

## Russell Percentile Rank\*

QTR.	1-YR.	3-YR.	5-YR.	10-YR.
19	68	66	32	1
(111)	(111)	(111)	(105)	(60)

## Year-End Assets in Style (\$ Mil.)

2000	2001	2002	2003	2004
\$1,294	\$3,489	\$5,241	\$9,162	\$11,418

## Notes

Performance prior to mutual fund inception date is same style account performance, net of mutual fund fees, managed by Andy Stephens at a previous firm. Arnerich Massena has taken Artisan Mid Cap off of the approved manager list as of September 30, 2005.

\*Percentile Rank is based on the Russell universe of mid growth separately managed products, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

\*\*Refer to Notes

Arnerich Massena & Associates, Inc. ~ Quarter Ending December 31, 2005

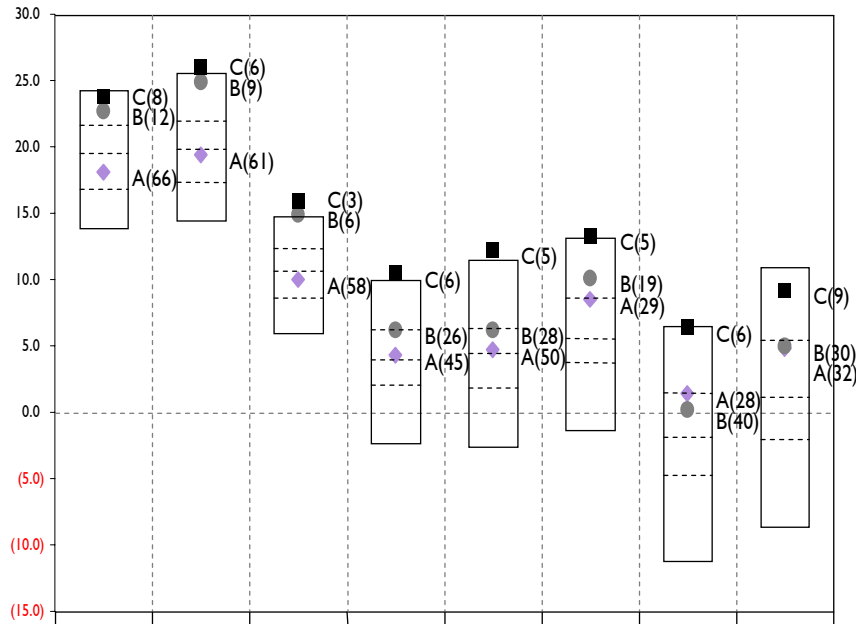


# Artisan Mid Cap Investors

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

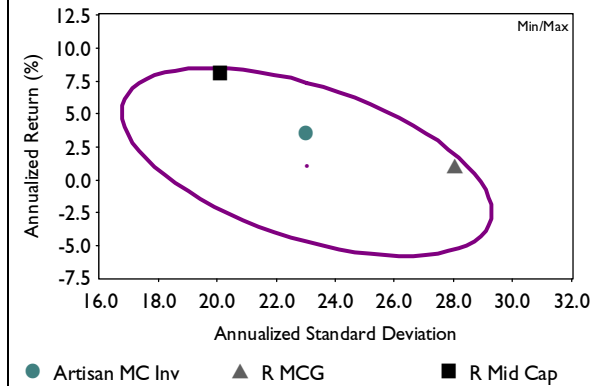
Returns vs. Russell Mid Cap Growth Index  
Mid Cap Growth Mutual Fund Universe(USD)



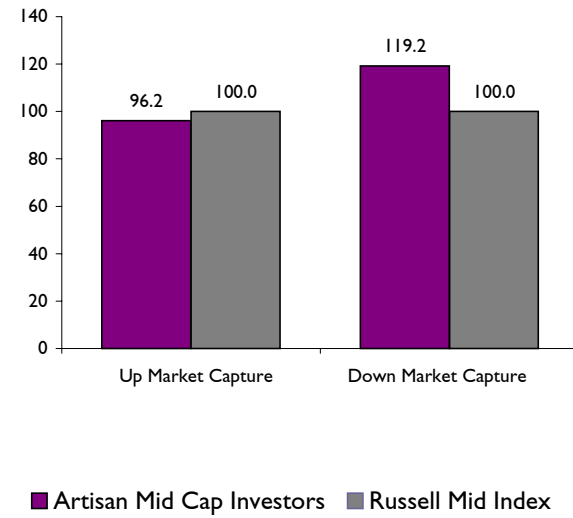
	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	24.3	25.6	14.8	10.0	11.5	13.2	6.5	11.0
25th Percentile	21.7	22.0	12.4	6.3	6.4	8.7	1.5	5.5
Median	19.6	19.9	10.7	4.0	4.5	5.6	(1.8)	1.2
75th Percentile	16.9	17.4	8.7	2.1	1.9	3.8	(4.7)	(2.0)
95th Percentile	13.9	14.5	6.0	(2.3)	(2.6)	(1.3)	(11.2)	(8.6)
Member Count	111	112	113	138	139	141	141	146
Artisan Mid Cap Inv (A)	18.1	19.4	10.0	4.3	4.7	8.5	1.4	4.8
Russell Mid Gr Idx (B)	22.7	24.9	14.9	6.2	6.2	10.1	0.2	5.0
Russell Mid Cap Idx (C)	23.8	26.0	15.9	10.5	12.2	13.3	6.4	9.2

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



# Munder Small Cap Value Y

Holdings-Based Analysis as of December 31, 2004

Performance-Based Analysis as of December 31, 2005

Sector Weights <sup>1</sup>		Portfolio Characteristics		Portfolio Statistics		
Con. Discretionary	14.7% 15.0%	Average Market Cap (\$ Mil.) Number of Holdings Avg. Annual Portfolio Turnover	1,664 105 43%	Vs. Asset Class Benchmark		Manager
				Standard Deviation (%)		Index
Con. Staples	1.7% 4.8%	Portfolio Fee Information	Expense Ratio 12b-1 Fee Included Morningstar Average Minimum Investment	3-Year 5-Year	13.37 15.68	15.09 18.98
Energy	3.7% 4.8%	Top Ten Holdings	Company % of Portfolio	Beta (Benchmark Specific Risk)	3-Year 5-Year	0.81 0.73
				3-Year 5-Year	1.00 1.00	1.00 1.00
Financials	25.6% 33.0%	Alpha (Added Value Relative to Benchmark)	3-Year 5-Year	8.2% 11.2%	N/A N/A	
		Sharpe Ratio	3-Year 5-Year	1.93 1.04	1.35 0.32	
Health Care	5.1% 3.9%	R-Squared (3-Year Trailing)	vs. Asset Class Benchmark vs. Style Benchmark	0.84 0.88	N/A N/A	
		Lead Manager	Team Managed	N/A	MCVYX	www.munderfunds.com
Industrials	25.0% 11.9%	Tenure on Product	N/A	Ticker	MCVYX	www.munderfunds.com
		Prospectus Information				
Information Tech.	10.5% 12.1%	Information	Team Managed	N/A	MCVYX	www.munderfunds.com
		Materials	4.9% 6.4%	0.0% 2.9%	0.8% 5.3%	0.0% 0.0%
Telecom. Services	0.0% 2.9%	Utilities	0.8% 5.3%	0.0% 0.0%	0.0% 0.0%	0.0% 0.0%
		Misc.	0.0% 0.0%	0.0% 0.0%	0.0% 0.0%	0.0% 0.0%
Cash & Equivalents	7.9%					

<sup>1</sup>Representative Index Weights as of September 30, 2005

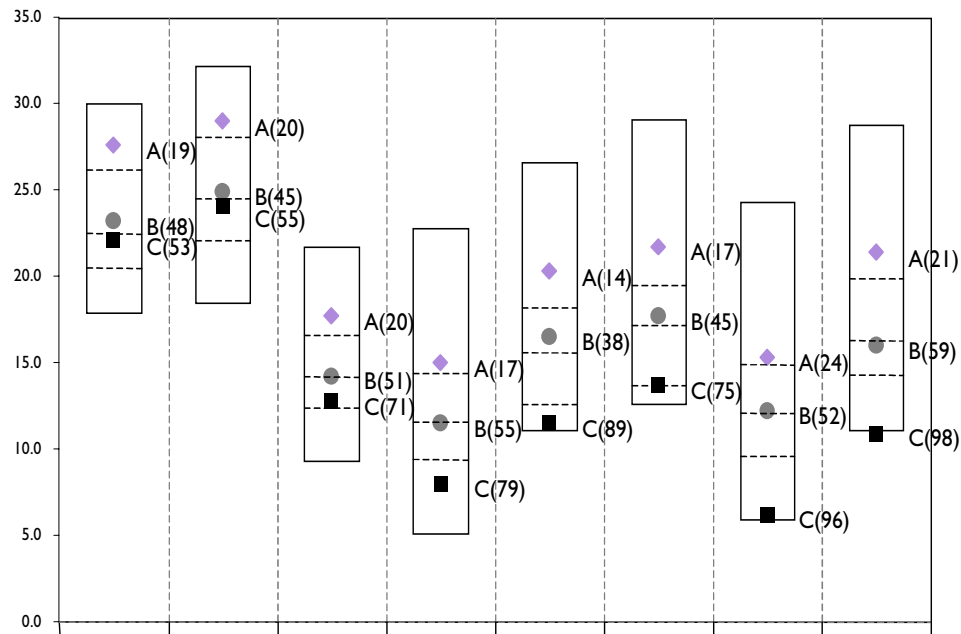
Net Historical Performance as of December 31, 2005 (%)					Fund Strategy				
<p>Legend: ■ Munder Small-Cap Value Y, ■ Russell 2000 Value Index, ■ Russell 2000 Index</p> <p>QTR.: 1.4, 0.7, 1.1 1-YR.: 8.1, 4.7, 4.6 3-YR.: 27.6, 23.2, 22.1 5-YR.: 18.6, 13.6, 8.2</p>					Munder Small-Cap Value Fund seeks long-term capital appreciation; income is secondary. The Fund normally invests at least 65% of assets in equities issued by companies with market capitalizations less than \$750 million. The advisor seeks companies it judges to be undervalued and that exhibit a stable or improving earnings record, sound finances, and above-average growth prospects. The Fund may invest in foreign securities.				
Russell Percentile Rank*					Year-End Assets in Style (\$ Mil.)				
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004
34 (58)	46 (58)	19 (58)	24 (55)	N/A	\$58	\$88	\$99	\$353	\$1,007
*Percentile Rank is based on the Russell universe of small value mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.					Notes				

# Munder Small Cap Value Y

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

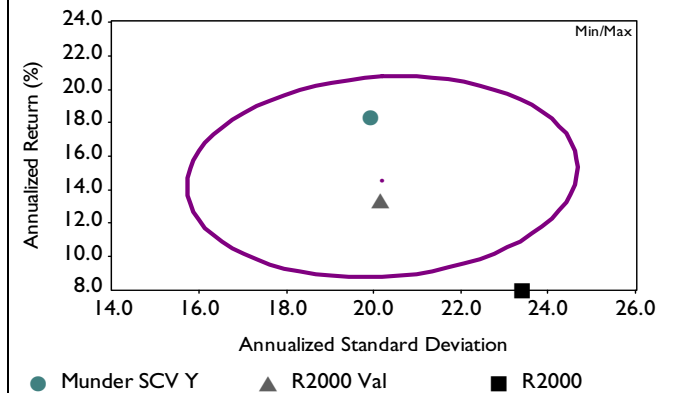
Returns vs. Russell 2000 Value Index  
Small Cap Value Mutual Fund Universe(USD)



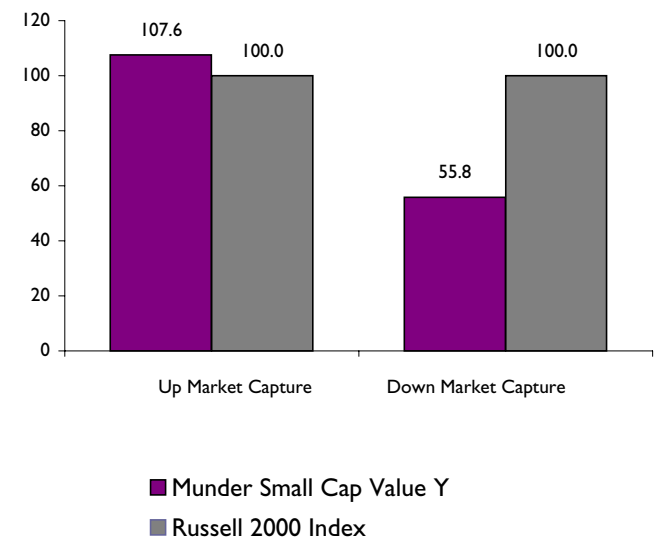
	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	30.0	32.2	21.7	22.8	26.6	29.1	24.3	28.8
25th Percentile	26.2	28.1	16.6	14.4	18.2	19.5	14.9	19.9
Median	22.5	24.5	14.2	11.6	15.6	17.2	12.1	16.3
75th Percentile	20.5	22.1	12.4	9.4	12.6	13.7	9.6	14.3
95th Percentile	17.9	18.5	9.3	5.1	11.1	12.6	5.9	11.1
Member Count	58	59	60	41	42	42	42	42
Munder Small Val Y (A) ◆	27.6	29.0	17.7	15.0	20.3	21.7	15.3	21.4
Russell 2000 Val Idx (B) ●	23.2	24.9	14.2	11.5	16.5	17.7	12.2	16.0
Russell 2000 Index (C) ■	22.1	24.1	12.8	8.0	11.5	13.7	6.2	10.9

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



# Neuberger Berman Genesis Tr

Holdings-Based Analysis as of August 31, 2004

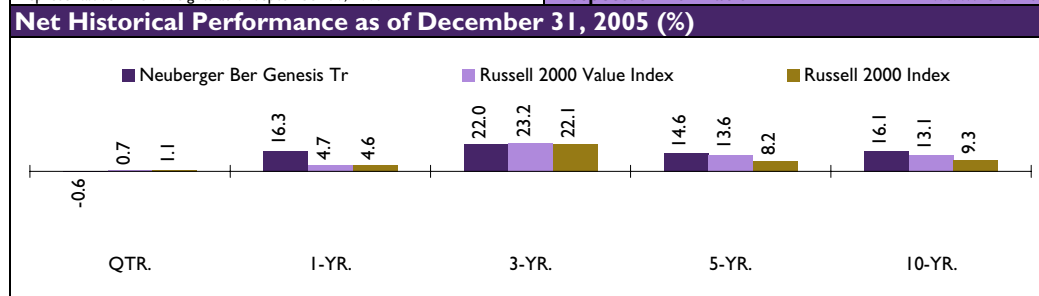
Performance-Based Analysis as of December 31, 2005

Sector Weights <sup>1</sup>		Portfolio Characteristics		Portfolio Statistics				
Con. Discretionary	<div><div></div><div></div></div> <div>10.8% 15.0%</div>	Average Market Cap (\$ Mil.)	2,675	Vs. Asset Class Benchmark		Manager	Index	
	Con. Staples	<div><div></div><div></div></div> <div>6.0% 4.8%</div>	Number of Holdings	133	Standard Deviation (%)			
Energy		<div><div></div><div></div></div> <div>7.7% 4.8%</div>	Avg. Annual Portfolio Turnover	23%	3-Year	10.28	15.09	
	Financials	<div><div></div><div></div></div> <div>10.8% 33.0%</div>	Portfolio Fee Information		5-Year	12.19	18.98	
Health Care		<div><div></div><div></div></div> <div>14.4% 3.9%</div>	Expense Ratio	1.10%	Beta (Benchmark Specific Risk)			
	Industrials	<div><div></div><div></div></div> <div>16.0% 11.9%</div>	12b-1 Fee Included	N/A	3-Year	0.62	1.00	
Information Tech.		<div><div></div><div></div></div> <div>14.4% 12.1%</div>	Morningstar Average	1.55%	5-Year	0.59	1.00	
	Materials	<div><div></div><div></div></div> <div>4.2% 6.4%</div>	Minimum Investment	Closed	Alpha (Added Value Relative to Benchmark)			
Telecom. Services		<div><div></div><div></div></div> <div>0.0% 2.9%</div>	Top Ten Holdings		3-Year	6.9%	N/A	
	Utilities	<div><div></div><div></div></div> <div>0.0% 5.3%</div>	Company	% of Portfolio	5-Year	8.1%	N/A	
Misc.		<div><div></div><div></div></div> <div>0.0% 0.0%</div>	NATIONAL OILWELL VARCO INC COM	2.6%	Sharpe Ratio			
	Cash & Equivalents	<div><div></div><div></div></div> <div>15.8%</div>	XTO ENERGY INC COM	2.6%	3-Year	1.97	1.35	
			CHURCH & DWIGHT INC COM	2.5%	5-Year	1.01	0.32	
			ZEBRA TECHNOLOGIES CORP CL A	2.1%	R-Squared (3-Year Trailing)			
			ALBERTO CULVER CO COM	2.0%	vs. Asset Class Benchmark	0.83	N/A	
			MENTOR CORP MINN COM	2.0%	vs. Style Benchmark	0.80	N/A	
			SCHEIN HENRY INC COM	1.9%				
			ALLIANT TECHSYSTEMS INC COM	1.9%				
			APTARGROUP INC COM	1.8%				
			PATTERSON COMPANIES INC COM	1.7%				
			% of Total Portfolio	21.1%				
			Manager Information					
			Lead Manager	Vale, Alelio				
			Tenure on Product	1994, 1997				
			Ticker	NBGEX				
			Prospectus Information	www.nbfunds.com				

1

Representative Index Weights as of September 30, 2005

<sup>1</sup>Representative Index Weights as of September 30, 2005



**Fund Strategy**

Neuberger Berman Genesis Fund seeks growth of capital. The Fund invests primarily in common stocks of companies with market capitalizations of \$1.5 billion or less at the time of purchase. Management seeks securities it believes to be undervalued and that are issued by companies that have above-average returns, an established market niche, the ability to finance their own growth and sound future business prospects.

Russell Percentile Rank*					Year-End Assets in Fund (\$ Mil.)					Notes
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004	
84	1	56	42	12	\$966	\$1,753	\$2,266	\$3,488	\$4,825	
(58)	(58)	(58)	(55)	(24)						

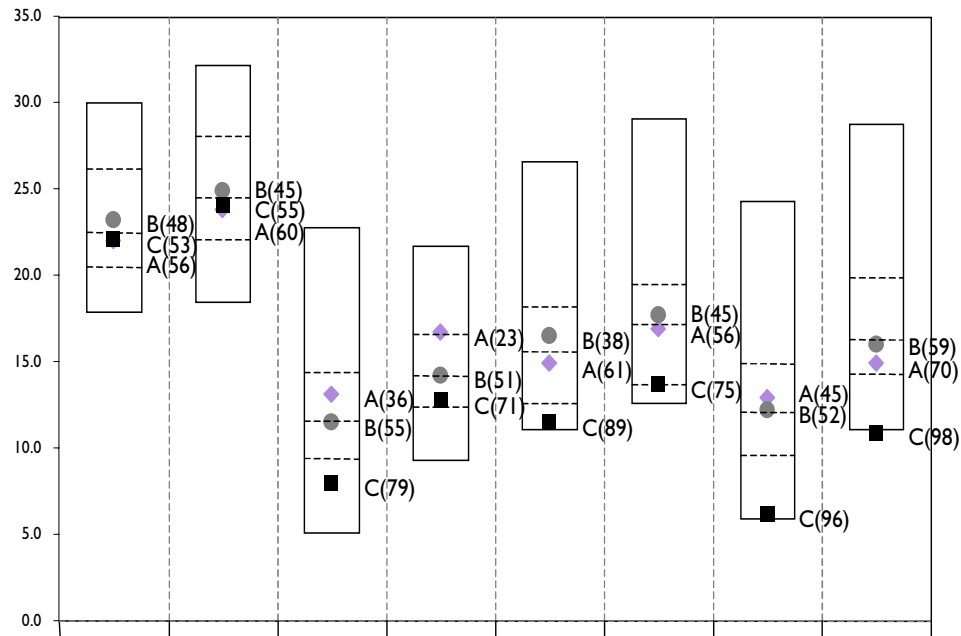
\*Percentile Rank is based on the Russell universe of small value mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

# Neuberger Berman Genesis Tr

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

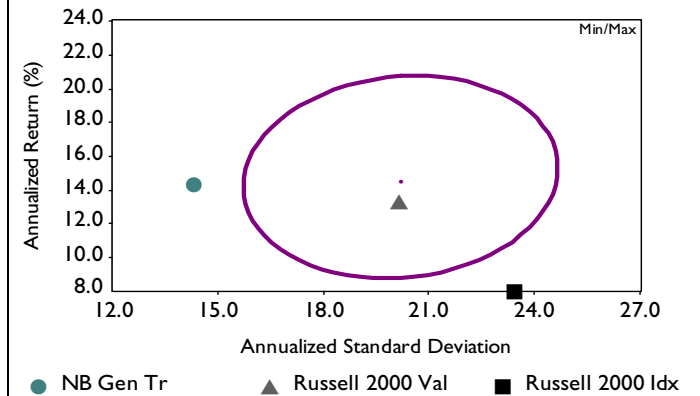
Returns vs. Russell 2000 Value Index  
Small Cap Value Mutual Fund Universe(USD)



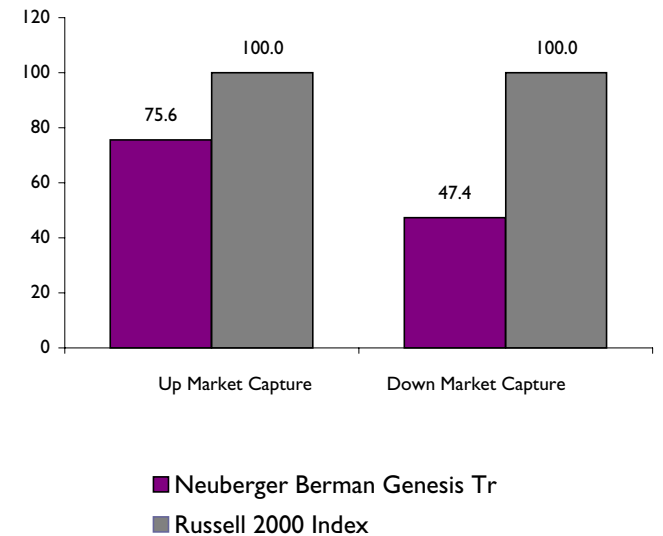
	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	30.0	32.2	22.8	21.7	26.6	29.1	24.3	28.8
25th Percentile	26.2	28.1	14.4	16.6	18.2	19.5	14.9	19.9
Median	22.5	24.5	11.6	14.2	15.6	17.2	12.1	16.3
75th Percentile	20.5	22.1	9.4	12.4	12.6	13.7	9.6	14.3
95th Percentile	17.9	18.5	5.1	9.3	11.1	12.6	5.9	11.1
Member Count	58	59	41	60	42	42	42	42
NB Genesis Tr (A) ◆	22.0	23.8	13.1	16.7	14.9	16.9	12.9	14.9
Russell 2000 Val Idx (B) ●	23.2	24.9	11.5	14.2	16.5	17.7	12.2	16.0
Russell 2000 Index (C) ■	22.1	24.1	8.0	12.8	11.5	13.7	6.2	10.9

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



# RS Diversified Growth

Holdings-Based Analysis as of September 30, 2005

Performance-Based Analysis as of December 31, 2005

Sector Weights <sup>1</sup>		Portfolio Characteristics		Portfolio Statistics		
Con. Discretionary	18.8%	Average Market Cap (\$ Mil.)	841	Vs. Asset Class Benchmark		Manager Index
	18.9%	Number of Holdings	110	Standard Deviation (%)		
Con. Staples	0.0%	Avg. Annual Portfolio Turnover	230%	3-Year		20.20 15.09
	3.9%			5-Year		26.61 18.98
		Portfolio Fee Information		Beta (Benchmark Specific Risk)		
Energy	9.8%	Expense Ratio	1.62%	3-Year		1.25 1.00
	6.1%	12b-1 Fee Included	0.25%	5-Year		1.31 1.00
Financials	13.1%	Morningstar Average	1.67%	Alpha (Added Value Relative to Benchmark)		
	10.5%	Minimum Investment	\$5,000	3-Year		-9.1% N/A
Health Care	21.1%	Top Ten Holdings		5-Year		-9.4% N/A
	18.3%	Company	% of Portfolio	Sharpe Ratio		
Industrials	0.0%	GSI COMMERCE, INC.	1.8%	3-Year		0.72 1.35
	11.9%	VAXGEN, INC.	1.6%	5-Year		-0.10 0.32
Information Tech.	25.0%	INPHONIC, INC.	1.6%	R-Squared (3-Year Trailing)		
	23.4%	SCIENTIFIC GAMES CORP.	1.6%	vs. Asset Class Benchmark		0.87 N/A
Materials	8.7%	FIRST HORIZON PHARMACEUTICAL CORP.	1.6%	vs. Style Benchmark		0.88 N/A
	5.3%	M-SYSTEMS FLASH DISK PIONEERS LTD.	1.6%			
Telecom. Services	0.0%	AMN HEALTHCARE SERVICES, INC.	1.5%			
	1.6%	CERADYNE, INC.	1.4%			
Utilities	1.8%	DIGITAL INSIGHT CORP.	1.4%			
	0.2%	VALUECLICK, INC.	1.3%			
Misc.	0.0%	% of Total Portfolio	15.4%			
	0.0%	Manager Information				
Cash & Equivalents	1.7%	Lead Manager	John H. Seabern			
		Tenure on Product	1998			
		Ticker	RSDGX			
		Prospectus Information	www.rsimg.com			

<sup>1</sup>Representative Index Weights as of September 30, 2005

Net Historical Performance as of December 31, 2005 (%)					Fund Strategy				
					<p>RS Diversified Growth Fund seeks long-term capital growth. The fund normally invests in a diversified portfolio of small-capitalization growth companies across a broad mix of industries. The fund invests principally in equity securities of companies with market capitalizations of up to 120% of the market capitalization of the largest company included in the Russell 2000 Index on the last day of the most recent quarter. The fund may at times invest a substantial portion of its assets in technology companies.</p>				
Russell Percentile Rank*					Year-End Assets in Fund (\$ Mil.)				
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004
99	93	83	72	N/A	\$523	\$852	\$573	\$1,098	\$956
(176)	(176)	(176)	(169)						

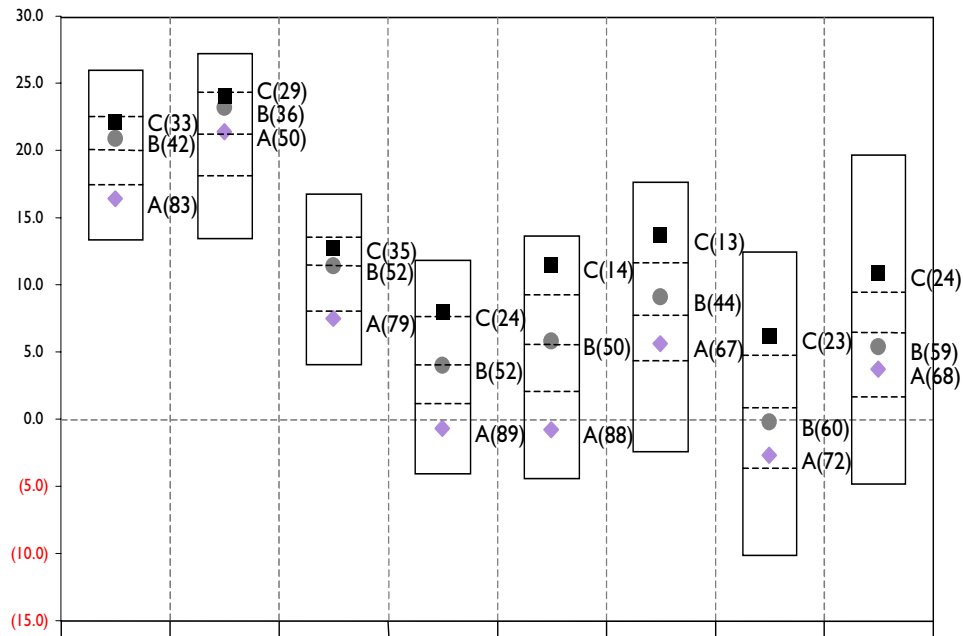
\*Percentile Rank is based on the Russell universe of small growth mutual funds, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe during the stated time period.

# RS Diversified Growth

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

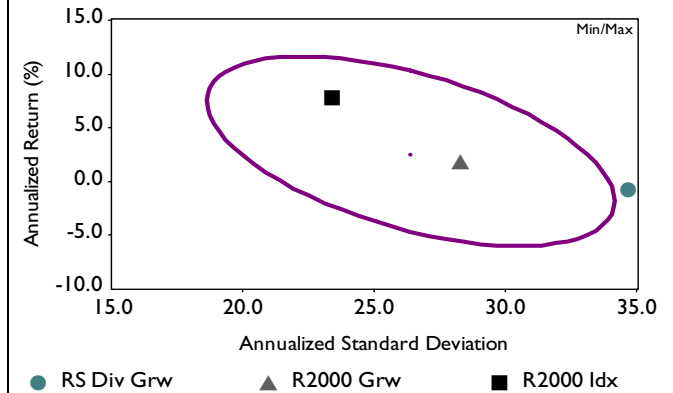
Returns vs. Russell 2000 Growth Index  
Small Cap Growth Mutual Fund Universe(USD)



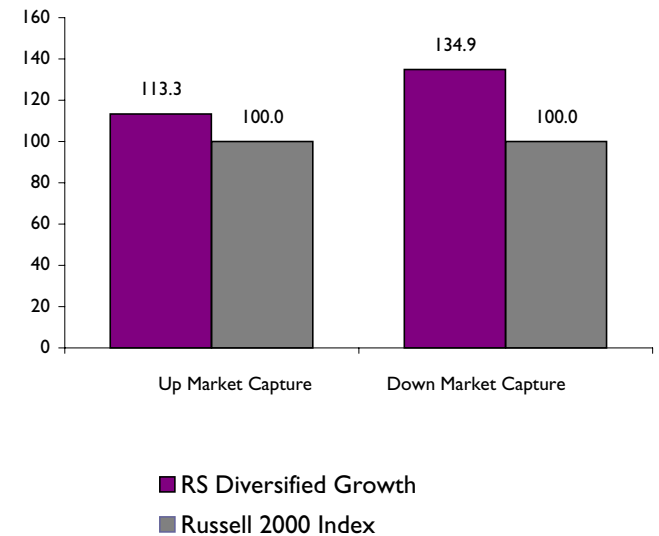
	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	26.0	27.3	16.8	11.9	13.7	17.7	12.5	19.7
25th Percentile	22.6	24.4	13.6	7.7	9.3	11.7	4.8	9.5
Median	20.1	21.3	11.5	4.1	5.6	7.8	0.9	6.5
75th Percentile	17.5	18.2	8.1	1.2	2.1	4.4	(3.6)	1.7
95th Percentile	13.4	13.5	4.1	(4.0)	(4.4)	(2.4)	(10.1)	(4.8)
Member Count	176	176	181	148	152	157	158	159
RS Diversified Growth (A) ◆	16.4	21.4	7.5	(0.7)	(0.8)	5.6	(2.7)	3.7
Russell 2000 Gr Idx (B) ●	20.9	23.2	11.4	4.0	5.8	9.1	(0.2)	5.4
Russell 2000 Index (C) ■	22.1	24.1	12.8	8.0	11.5	13.7	6.2	10.9

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Risk/Return -- 5-Year



## Up Market/Down Market Capture -- 5-Year



# American Funds New Perspective R4

Holdings-Based Analysis as of March 31, 2005

Performance-Based Analysis as of December 31, 2005

Country Weights <sup>1</sup>		Portfolio Characteristics		Portfolio Statistics			
<div><div>DEVELOPED MARKETS</div><div>Europe</div><div>United Kingdom</div><div>Germany</div><div>France</div><div>Asia Pacific</div><div>Japan</div><div>Hong Kong</div><div>Australia</div><div>Canada</div><div>EMERGING MARKETS</div><div>Latin America</div><div>Asia</div><div>Eur/Mid E/Africa</div><div>UNITED STATES</div></div>	<div><div></div><div>85.6%</div><div>93.5%</div></div>	Average Market Value (\$ Mil.)	56,018	Vs. Asset Class Benchmark	Manager	Index	
	<div><div></div><div>38.7%</div><div>28.6%</div></div>	Number of Holdings	216	Standard Deviation (%)			
	<div><div></div><div>9.5%</div><div>10.5%</div></div>	Avg. Annual Portfolio Turnover	19%	3-Year	11.30	9.90	
	<div><div></div><div>5.0%</div><div>2.9%</div></div>	Portfolio Fee Information			5-Year	15.33	14.73
	<div><div></div><div>7.0%</div><div>4.0%</div></div>	Expense Ratio	0.79%	Beta (Benchmark Specific Risk)			
	<div><div></div><div>11.0%</div><div>13.4%</div></div>	12b-1 Fee Included	0.22%	3-Year	1.11	1.00	
	<div><div></div><div>9.0%</div><div>9.9%</div></div>	Morningstar Average	1.68%	5-Year	1.02	1.00	
	<div><div></div><div>0.3%</div><div>0.7%</div></div>	Minimum Investment	\$250	Alpha (Added Value Relative to Benchmark)			
	<div><div></div><div>1.1%</div><div>2.3%</div></div>	Top Ten Holdings		3-Year	-1.8%	N/A	
	<div><div></div><div>3.1%</div><div>3.3%</div></div>	Company	% of Portfolio	5-Year	2.5%	N/A	
<div><div></div><div>7.8%</div><div>6.5%</div></div>	SANOFI-AVENTIS EUR2	2.7%	Sharpe Ratio				
<div><div></div><div>2.1%</div><div>1.3%</div></div>	VODAFONE GROUP ORD USD0.10	2.7%	3-Year	1.63	1.86		
<div><div></div><div>5.3%</div><div>3.4%</div></div>	ALTRIA GROUP INC COM	2.3%	5-Year	0.25	0.08		
<div><div></div><div>0.4%</div><div>1.7%</div></div>	TYCO INTL LTD NEW COM	1.5%	R-Squared (3-Year Trailing)				
<div><div></div><div>32.7%</div><div>48.3%</div></div>	TAIWAN SEMICON MAN TWD10	1.5%	vs. Asset Class Benchmark	0.95	N/A		
	TELEFONICA SA EUR1	1.4%	vs. Style Benchmark	N/A	N/A		
	TIME WARNER INC COM	1.3%					
	POSCO KRW5000	1.2%					
	NEWMONT MINING CORP COM	1.2%					
	ING GROEP NV CVA EUR0.24	1.2%					
	% of Total Portfolio	16.9%					
	Manager Information						
	Lead Manager	Team Managed					
	Tenure on Product	N/A					
	Ticker	RNPEX					
	Prospectus Information	www.americanfunds.com					

Representative Index Country Weights as of September 30, 2005

<sup>1</sup>Representative Index Country Weights as of September 30, 2005

Net Historical Performance as of December 31, 2005 (%)						Fund Strategy																						
<table><thead><tr><th>Period</th><th>Amer Funds New Persp R4</th><th>MSCI ACWI</th></tr></thead><tbody><tr><td>QTR.</td><td>4.5</td><td>3.4</td></tr><tr><td>1-YR.</td><td>11.2</td><td>11.4</td></tr><tr><td>3-YR.</td><td>20.2</td><td>20.2</td></tr><tr><td>5-YR.</td><td>6.0</td><td>3.4</td></tr><tr><td>10-YR.</td><td>11.6</td><td>7.4</td></tr></tbody></table>						Period	Amer Funds New Persp R4	MSCI ACWI	QTR.	4.5	3.4	1-YR.	11.2	11.4	3-YR.	20.2	20.2	5-YR.	6.0	3.4	10-YR.	11.6	7.4	American Funds New Perspective Fund seeks long-term growth of capital; income is a secondary consideration. The Fund primarily invests in common stocks of foreign and U.S. companies. The advisor looks for worldwide changes in international-trade patterns and economic and political relationships. It then searches for companies that may benefit from the new opportunities created by such changes. The advisor closely follows securities, industries, governments, and currency-exchange markets worldwide.				
Period	Amer Funds New Persp R4	MSCI ACWI																										
QTR.	4.5	3.4																										
1-YR.	11.2	11.4																										
3-YR.	20.2	20.2																										
5-YR.	6.0	3.4																										
10-YR.	11.6	7.4																										
Russell Percentile Rank*					Year-End Assets in Style (\$ Mil.)					Notes																		
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004	Capital Research & Management is the subadvisor for American Funds New Perspective Fund.																		
22	60	44	30	21	\$31,634	\$28,618	\$23,638	\$30,631	\$34,596																			
(54)	(54)	(54)	(50)	(33)																								
*Percentile Rank is based on the Russell non-US equity style mutual fund universe, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe.																												

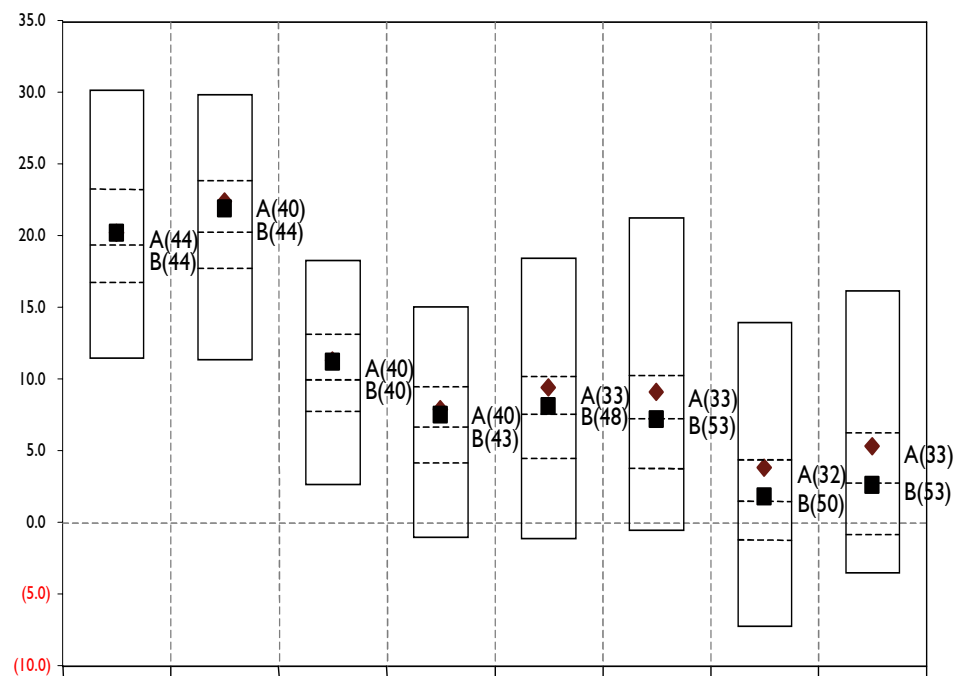


# American Funds New Perspective R4

Performance-Based Analysis as of December 31, 2005

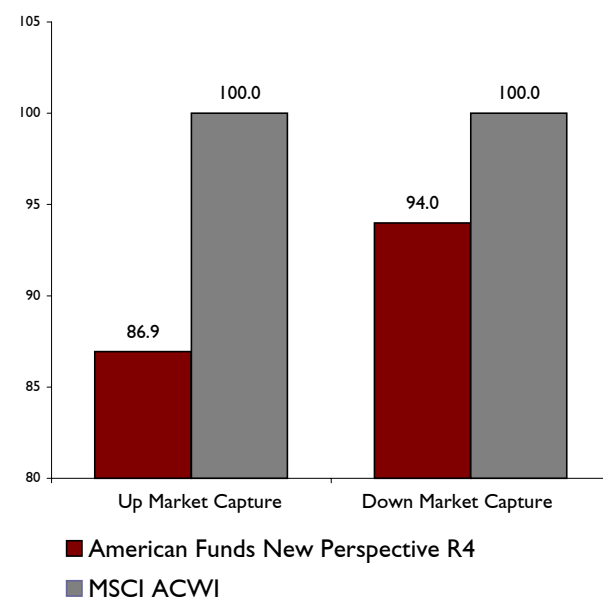
## 3-Year Rolling Returns

Returns vs. MSCI ACWI  
Global Mutual Fund Universe(USD)



	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	30.2	29.9	18.3	15.1	18.5	21.3	14.0	16.2
25th Percentile	23.3	23.9	13.2	9.5	10.2	10.3	4.4	6.3
Median	19.4	20.3	10.0	6.7	7.6	7.3	1.5	2.8
75th Percentile	16.8	17.8	7.8	4.2	4.5	3.8	(1.2)	(0.8)
95th Percentile	11.5	11.4	2.7	(1.0)	(1.1)	(0.5)	(7.2)	(3.5)
Member Count	54	54	55	67	69	72	75	75
AmFunds NP R4 (A) ◆	20.2	22.4	11.3	7.9	9.4	9.1	3.8	5.3
MSCI ACWI (B) ■	20.2	21.9	11.2	7.5	8.1	7.2	1.8	2.6

## Up Market/Down Market Capture -- 5-Year



Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

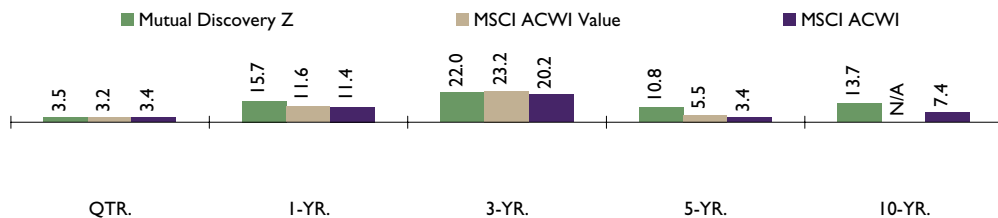
## Mutual Discovery Z

**Holdings-Based Analysis as of September 30, 2005**

### Performance-Based Analysis as of December 31, 2005

Country Weights			Portfolio Characteristics		Portfolio Statistics		
<div><div>DEVELOPED MARKETS</div><div>Europe</div><div>United Kingdom</div><div>Germany</div><div>France</div><div>Asia Pacific</div><div>Japan</div><div>Hong Kong</div><div>Australia</div><div>Canada</div><div>EMERGING MARKETS</div><div>Latin America</div><div>Asia</div><div>Eur/Mid E/Africa</div><div>UNITED STATES</div></div>	<div><div></div><div>79.5%</div><div>93.5%</div></div>		Average Market Value (\$ Mil.)	7,584	Vs. Asset Class Benchmark		
	<div><div></div><div>40.5%</div><div>28.6%</div></div>		Number of Holdings	283	Standard Deviation (%)		
	<div><div></div><div>11.7%</div><div>10.3%</div></div>		Avg. Annual Portfolio Turnover	46%	3-Year	8.69	9.90
	<div><div></div><div>1.5%</div><div>2.9%</div></div>		Portfolio Fee Information		5-Year	10.30	14.73
	<div><div></div><div>7.6%</div><div>4.0%</div></div>		Expense Ratio	1.07%	Beta (Benchmark Specific Risk)		
	<div><div></div><div>7.7%</div><div>13.4%</div></div>		12b-1 Fee Included	N/A	3-Year	0.83	1.00
	<div><div></div><div>4.0%</div><div>9.9%</div></div>		Morningstar Average	1.68%	5-Year	0.59	1.00
	<div><div></div><div>3.2%</div><div>0.7%</div></div>		Minimum Investment	\$1,000	Alpha (Added Value Relative to Benchmark)		
	<div><div></div><div>0.0%</div><div>2.3%</div></div>		Top Ten Holdings		3-Year	4.4%	N/A
	<div><div></div><div>4.8%</div><div>3.3%</div></div>		Company	% of Portfolio	5-Year	7.6%	N/A
	<div><div></div><div>9.8%</div><div>6.5%</div></div>		BRITISH AMERICAN TOBACCO PLC	2.9%	Sharpe Ratio		
	<div><div></div><div>1.1%</div><div>1.3%</div></div>		WEYERHAEUSER CO	2.8%	3-Year	2.33	1.86
	<div><div></div><div>7.2%</div><div>3.4%</div></div>		ORKLA ASA	2.4%	5-Year	0.84	0.08
	<div><div></div><div>1.5%</div><div>1.7%</div></div>		IMPERIAL TOBACCO GROUP PLC	2.2%	R-Squared (3-Year Trailing)		
	<div><div></div><div>26.6%</div><div>48.3%</div></div>		BERKSHIRE HATHAWAY INC	2.2%	vs. Asset Class Benchmark	0.90	N/A
			ALTADIS SA	1.9%	vs. Style Benchmark	0.89	N/A
			MITSUBISHI TOKYO FINANCIAL GROUP INC	1.9%			
			PERNOD-RICARD SA	1.8%			
			POTLATCH CORP	1.8%			
			CARLSBERG AS	1.5%			
			% of Total Portfolio	21.2%			
			Manager Information				
			Lead Manager	Gudfin, Segal			
			Tenure on Product	2005, 2004			
			Ticker	MDISX			
			Prospectus Information	www.franklintempleton.com			

### Net Historical Performance as of December 31, 2005 (%)



## Fund Strategy

Mutual Discovery Fund seeks capital appreciation. The Fund normally invests, following a value-oriented strategy, in companies with market capitalizations greater than \$1.5 billion. It may, however, invest in smaller companies. The Fund can invest up to 100% of assets in foreign equity and debt securities and may use forward currency exchange contracts to hedge against currency risks. It can also invest in debt securities in any rating category.

Russell Percentile Rank*					Year-End Assets in Fund (\$ Mil.)				
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004
53	17	35	14	9	\$2,012	\$1,933	\$1,675	\$2,168	\$2,578
(54)	(54)	(54)	(50)	(33)					

\*Percentile Rank is based on the Russell non-US equity style mutual fund universe, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe.

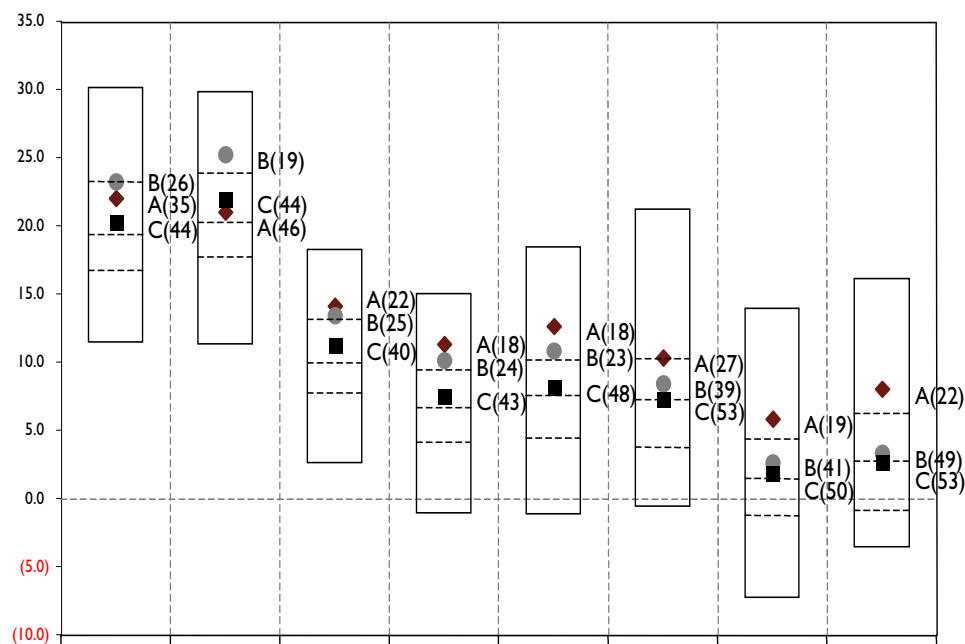
## Notes

# Mutual Discovery Z

Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

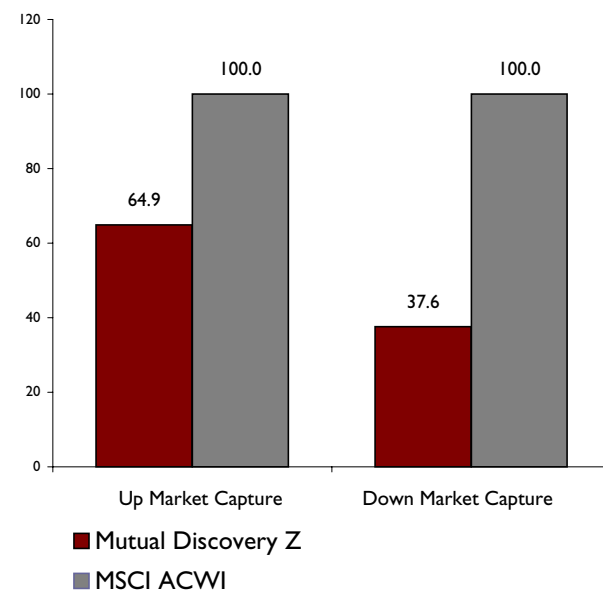
Returns vs. MSCI ACWI Value  
Global Mutual Fund Universe(USD)



	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	30.2	29.9	18.3	15.1	18.5	21.3	14.0	16.2
25th Percentile	23.3	23.9	13.2	9.5	10.2	10.3	4.4	6.3
Median	19.4	20.3	10.0	6.7	7.6	7.3	1.5	2.8
75th Percentile	16.8	17.8	7.8	4.2	4.5	3.8	(1.2)	(0.8)
95th Percentile	11.5	11.4	2.7	(1.0)	(1.1)	(0.5)	(7.2)	(3.5)
Member Count	54	54	55	67	69	72	75	75
Mutual Disc Z (A) ◆	22.0	21.0	14.1	11.3	12.6	10.3	5.8	8.0
MSCI ACWI Val (B) ●	23.2	25.2	13.4	10.1	10.8	8.4	2.6	3.3
MSCI ACWI (C) ■	20.2	21.9	11.2	7.5	8.1	7.2	1.8	2.6

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

## Up Market/Down Market Capture -- 5-Year



# Templeton Foreign A

Holdings-Based Analysis as of June 30, 2005

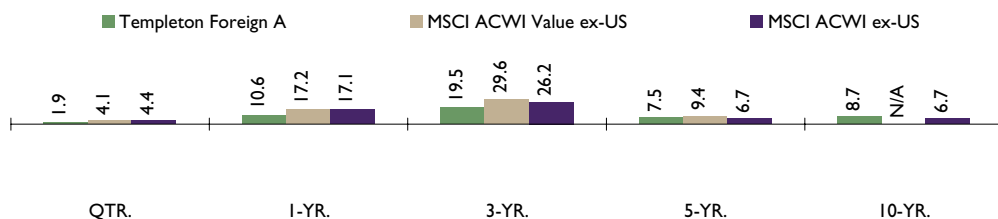
Performance-Based Analysis as of December 31, 2005

Country Weights <sup>1</sup>			Portfolio Characteristics		Portfolio Statistics		
<b>DEVELOPED MARKETS</b>			<b>Average Market Value (\$ Mil.)</b>	36,726	<b>Vs. Asset Class Benchmark</b>	<b>Manager</b>	<b>Index</b>
			<b>Number of Holdings</b>	143	<b>Standard Deviation (%)</b>		
	<b>Europe</b>		<b>Avg. Annual Portfolio Turnover</b>	25%	3-Year	10.80	11.63
					5-Year	13.71	15.51
United Kingdom	<div><div></div><div></div></div> <div>18.8% 20.4%</div>		<b>Portfolio Fee Information</b>				
Germany	<div><div></div><div></div></div> <div>4.2% 5.6%</div>		<b>Expense Ratio</b>	1.23%	<b>Beta (Benchmark Specific Risk)</b>		
France	<div><div></div><div></div></div> <div>3.4% 7.7%</div>		<b>12b-1 Fee Included</b>	0.25%	3-Year	0.90	1.00
			<b>Morningstar Average</b>	1.68%	5-Year	0.85	1.00
			<b>Minimum Investment</b>	\$1,000			
<b>Asia Pacific</b>	<div><div></div><div></div></div> <div>23.2% 25.9%</div>		<b>Top Ten Holdings</b>		<b>Alpha (Added Value Relative to Benchmark)</b>		
			<b>Company</b>	<b>% of Portfolio</b>	3-Year	-3.4%	N/A
Japan	<div><div></div><div></div></div> <div>12.7% 19.2%</div>		CHEUNG KONG HLDGS LTD	3.2%	5-Year	1.3%	N/A
			BRITISH SKY BROADCASTING GROUP PLC	2.0%			
Hong Kong	<div><div></div><div></div></div> <div>8.3% 11.4%</div>		SANOFI-AVENTIS	1.9%			
			NIPPON TELEGRAPH & TELEPHONE CORP	1.8%			
Australia	<div><div></div><div></div></div> <div>1.8% 4.4%</div>	<div><div></div><div></div></div> <div>Templeton Foreign A</div>	GLAXOSMITHKLINE PLC	1.8%			
			SAMSUNG ELECTRONICS CO LTD	1.7%			
			SONY CORP	1.6%			
<b>Canada</b>	<div><div></div><div></div></div> <div>1.4% 6.3%</div>	<div><div></div><div></div></div> <div>MSCI ACWI ex-US</div>	BP PLC	1.6%			
			ELECTROLUX AB	1.5%			
<b>EMERGING MARKETS</b>	<div><div></div><div></div></div> <div>18.2% 12.5%</div>		BASF AG	1.5%			
<b>Latin America</b>	<div><div></div><div></div></div> <div>3.8% 2.6%</div>		<b>% of Total Portfolio</b>	<b>18.6%</b>			
			<b>Manager Information</b>				
<b>Asia</b>	<div><div></div><div></div></div> <div>12.9% 6.6%</div>		<b>Lead Manager</b>	Everett/Murchison/Myers			
			<b>Tenure on Product</b>	2001, 2001, 2002			
			<b>Ticker</b>	TEMFX			
<b>Eur/Mid E/Africa</b>	<div><div></div><div></div></div> <div>1.5% 3.3%</div>		<b>Prospectus Information</b>	www.franklintempleton.com			
					<b>R-Squared (3-Year Trailing)</b>		
					vs. Asset Class Benchmark	0.93	N/A
					vs. Style Benchmark	0.94	N/A

<sup>1</sup>Representative Country Weights as of September 30, 2005

<sup>1</sup>Representative Country Weights as of September 30, 2005

## Net Historical Performance as of December 31, 2005 (%)



## Fund Strategy

The Fund seeks long-term growth of capital. The Fund invests in non-U.S. companies and diversifies broadly among developed and emerging countries. The Fund searches for undervalued securities across the globe using a value-oriented approach.

Russell Percentile Rank*					Year-End Assets in Fund (\$ Mil.)					Notes
QTR.	1-YR.	3-YR.	5-YR.	10-YR.	2000	2001	2002	2003	2004	
95 (91)	83 (91)	77 (91)	21 (85)	31 (58)	\$10,743	\$8,748	\$8,115	\$12,040	\$15,182	

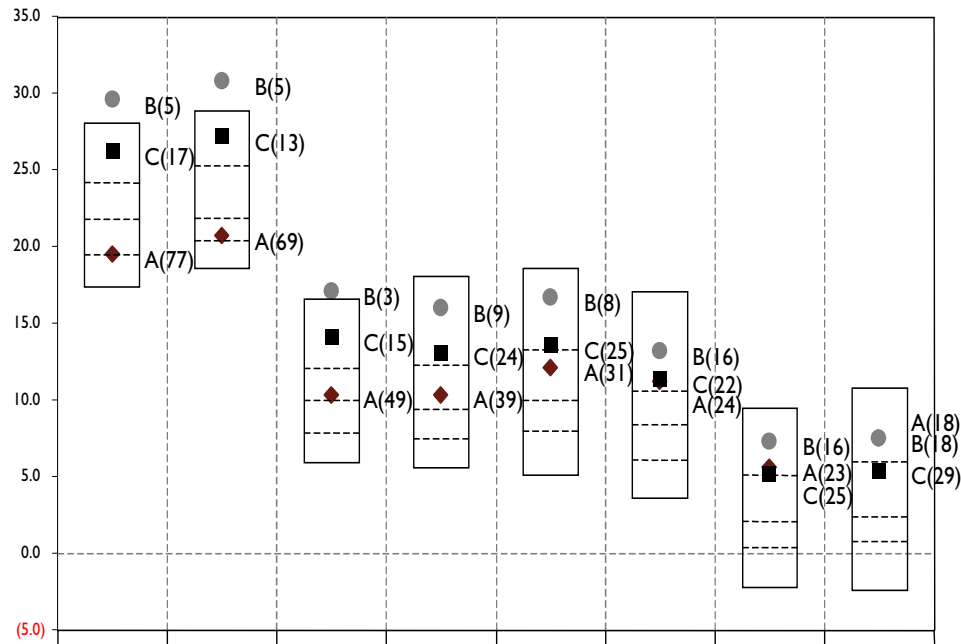
\*Percentile Rank is based on the Russell non-US equity style mutual fund universe, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe.

# Templeton Foreign A

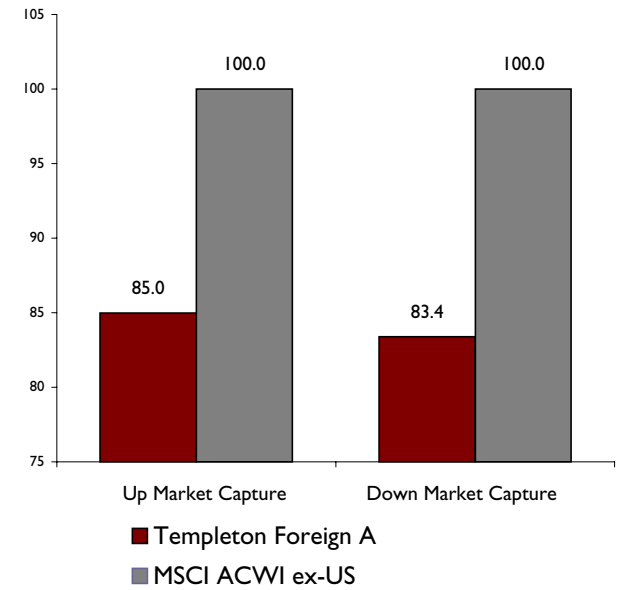
Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

Returns vs. MSCI ACWI Value ex-US  
Non-US Equity Mutual Fund Universe(USD)



## Up Market/Down Market Capture -- 5-Year



	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	28.1	28.9	16.6	18.1	18.6	17.1	9.5	10.8
25th Percentile	24.2	25.3	12.1	12.3	13.3	10.6	5.1	6.0
Median	21.8	21.9	10.0	9.4	10.0	8.4	2.1	2.4
75th Percentile	19.5	20.4	7.9	7.5	8.0	6.1	0.4	0.8
95th Percentile	17.4	18.6	5.9	5.6	5.1	3.6	(2.2)	(2.4)
Member Count	91	92	94	97	100	102	104	106
Templeton For A (A) ◆	19.5	20.7	10.3	10.3	12.1	11.2	5.6	7.5
MSCI ACWI ValxUS (B) ●	29.6	30.8	17.1	16.0	16.7	13.2	7.3	7.5
MSCI ACWI ex-US (C) ■	26.2	27.2	14.1	13.1	13.6	11.4	5.2	5.4

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics

# Artisan International Investor

Holdings-Based Analysis as of June 30, 2005

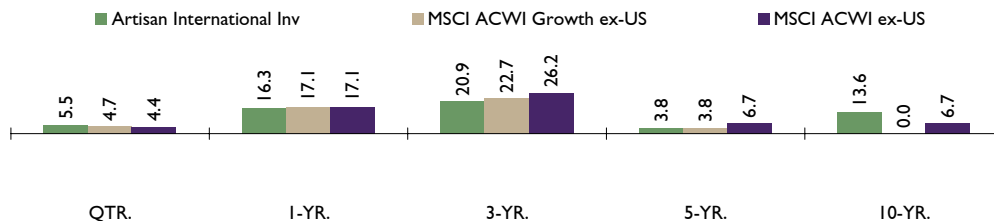
Performance-Based Analysis as of December 31, 2005

Country Weights <sup>1</sup>		Portfolio Characteristics		Portfolio Statistics		
<div><div>DEVELOPED MARKETS</div><div>Europe</div><div>United Kingdom</div><div>Germany</div><div>France</div><div>Asia Pacific</div><div>Japan</div><div>Hong Kong</div><div>Australia</div><div>Canada</div><div>EMERGING MARKETS</div><div>Latin America</div><div>Asia</div><div>Eur/Mid E/Africa</div></div>	<div><div></div><div>82.9%</div></div> <div><div></div><div>87.4%</div></div>	Average Market Value (\$ Mil.)	31,079	Vs. Asset Class Benchmark	Manager	Index
	<div><div></div><div>54.3%</div></div> <div><div></div><div>55.2%</div></div>	Number of Holdings	106	Standard Deviation (%)		
	<div><div></div><div>8.7%</div></div> <div><div></div><div>20.4%</div></div>	Avg. Annual Portfolio Turnover	55%	3-Year	14.04	11.63
	Portfolio Fee Information			5-Year	16.43	15.51
	<div><div></div><div>8.9%</div></div> <div><div></div><div>5.6%</div></div>	Expense Ratio	1.22%	Beta (Benchmark Specific Risk)		
	<div><div></div><div>7.2%</div></div> <div><div></div><div>7.7%</div></div>	12b-1 Fee Included	N/A	3-Year	1.14	1.00
	<div><div></div><div>25.4%</div></div> <div><div></div><div>25.9%</div></div>	Morningstar Average	1.68%	5-Year	1.01	1.00
	Top Ten Holdings			Alpha (Added Value Relative to Benchmark)		
	<div><div></div><div>21.0%</div></div> <div><div></div><div>19.2%</div></div>	Company	% of Portfolio	3-Year	-7.6%	N/A
	<div><div></div><div>1.7%</div></div> <div><div></div><div>1.4%</div></div>	UBS AG CHF0.80(REGD)	3.2%	5-Year	-2.7%	N/A
<div><div></div><div>0.2%</div></div> <div><div></div><div>4.4%</div></div>	FORTIS BANK UNIT(FORTIS SA/NV N	3.1%	Sharpe Ratio			
<div><div></div><div>3.2%</div></div> <div><div></div><div>6.3%</div></div>	CHINA MOBILE (HK) HKD0.10	2.9%	3-Year	1.36	2.10	
<div><div></div><div>15.8%</div></div> <div><div></div><div>12.5%</div></div>	CREDIT SAISON CO NPV	2.6%	5-Year	0.10	0.29	
<div><div></div><div>3.6%</div></div> <div><div></div><div>2.6%</div></div>	TESCO ORD GBP0.05	2.5%	R-Squared (3-Year Trailing)			
<div><div></div><div>8.3%</div></div> <div><div></div><div>6.6%</div></div>	SEGA SAMMY HLDGS I NPV	2.5%	vs. Asset Class Benchmark	0.90	N/A	
<div><div></div><div>3.9%</div></div> <div><div></div><div>3.3%</div></div>	NESTLE SA CHF1(REGD)	2.4%	vs. Style Benchmark	0.90	N/A	
Artisan International Investor						
MSCI ACWI ex-US						
% of Total Portfolio			26.0%			
Manager Information						
Lead Manager			Mark L. Yockey			
Tenure on Product			1996			
Ticker			ARTIX			
Prospectus Information			www.artisanfunds.com			

<sup>1</sup>Representative Index Country Weights as of September 30, 2005

<sup>1</sup>Representative Index Country Weights as of September 30, 2005

## Net Historical Performance as of December 31, 2005\*\* (%)



## Fund Strategy

Artisan International Fund seeks maximum long-term capital growth. The manager uses a bottom-up investment process to construct a diversified portfolio of international growth companies regardless of market capitalization, concentrating on industries or themes that Artisan believes present accelerating growth prospects and companies Artisan thinks are well positioned to capitalize on that growth. The portfolio has a primary emphasis on developed markets but also invests in emerging markets and is constructed without regard to index weightings.

## Russell Percentile Rank\*

Year-End Assets in Style (\$ Mil.)				
QTR.	1-YR.	3-YR.	5-YR.	10-YR.
17 (91)	24 (91)	57 (91)	49 (85)	6 (58)

\*Percentile Rank is based on the Russell non-US equity style mutual fund universe, 1 being the highest and 100 the lowest. Number in parentheses represents the number of funds in the universe.

\*\*Refer to Notes

## Notes

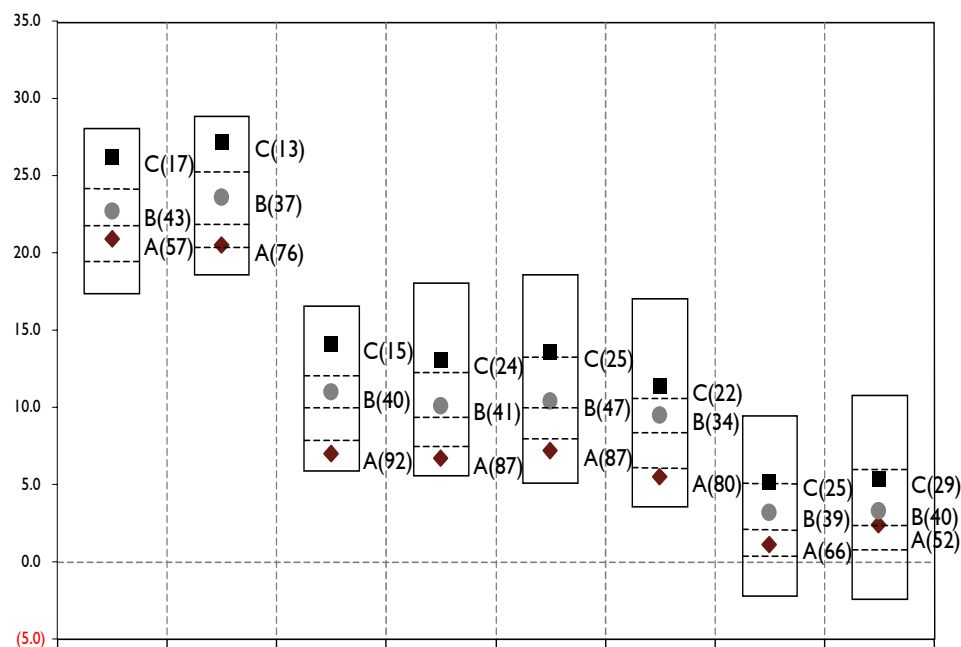
Performance prior to inception is the same style gross composite less the mutual fund expense ratio.

# Artisan International Investor

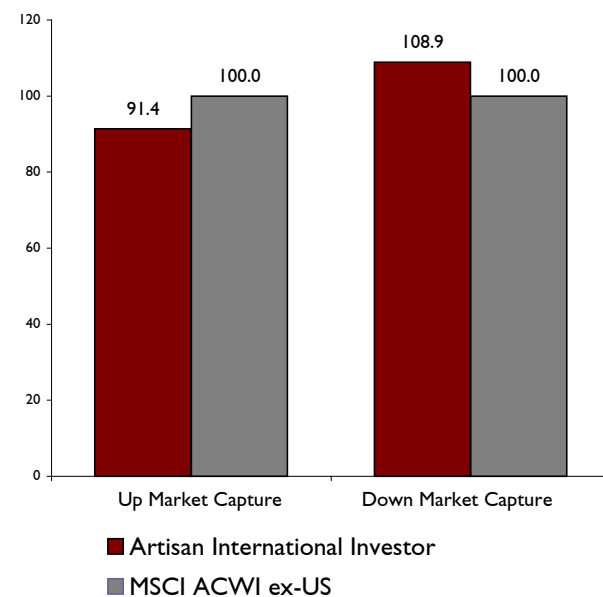
Performance-Based Analysis as of December 31, 2005

## 3-Year Rolling Returns

Returns vs. MSCI ACWI Growth ex-US  
Non-US Equity Mutual Fund Universe(USD)



## Up Market/Down Market Capture -- 5-Year



	3 Years Ending 4Q05	3 Years Ending 3Q05	3 Years Ending 2Q05	3 Years Ending 1Q05	3 Years Ending 4Q04	3 Years Ending 3Q04	3 Years Ending 2Q04	3 Years Ending 1Q04
5th Percentile	28.1	28.9	16.6	18.1	18.6	17.1	9.5	10.8
25th Percentile	24.2	25.3	12.1	12.3	13.3	10.6	5.1	6.0
Median	21.8	21.9	10.0	9.4	10.0	8.4	2.1	2.4
75th Percentile	19.5	20.4	7.9	7.5	8.0	6.1	0.4	0.8
95th Percentile	17.4	18.6	5.9	5.6	5.1	3.6	(2.2)	(2.4)
Member Count	91	92	94	97	100	102	104	106
Artisan Intl Inv (A) ◆	20.9	20.5	7.0	6.7	7.2	5.5	1.1	2.4
MSCI ACWI GrxUS (B) ●	22.7	23.6	11.0	10.1	10.4	9.5	3.2	3.3
MSCI ACWI ex-US (C) ■	26.2	27.2	14.1	13.1	13.6	11.4	5.2	5.4

Source of Portfolio Statistics & Universe Comparisons: Russell Mellon Analytics





# Glossary Of Terms

**ADR**

American Depository Receipt – a negotiable receipt for the shares of a foreign-based corporation held in trust by a U.S. bank that entitles a shareholder to all dividends and capital gains.

**Alpha**

Alpha is a statistical calculation based on a manager's beta and the rate of return of the index over the period. Alpha measures whether a manager has added to or detracted from returns on a risk-adjusted basis. Alpha can be used when comparing dissimilar products because alpha is adjusted for risk and therefore the product with the highest alpha added the most historical value relative to its risk level.

**Annualized Return**

Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is for less than a year, the rate of return is projected as though the same performance continues to occur for a twelve-month time period.

**Assets Managed in Style**

The total assets managed in all investment vehicles of the investment style.

**Average Market Capitalization (\$ Wtd.)**

The average market capitalization of all stocks in a given portfolio, weighted by each company's portion of the portfolio's market value.

**Beta**

Beta measures volatility, which is often equated to perceived risk. Beta is always calculated relative to a benchmark. The index, by definition, has a beta of 1.0. If a product has a beta higher than 1.0, this indicates greater historical return volatility relative to the index; the opposite is true if beta is lower than 1.0.

**Book Value**

The balance sheet value of assets minus the balance sheet value of liabilities. Also known as shareholders' equity.

**Bottom-Up Investment Approach**

The investment manager concentrates on fundamental analysis of a company's financial statements. In addition, an investment manager may examine other aspects of the company such as strength of management, new product lines, valuation, historic record, etc.

**Cumulative Annualized Rate of Return**

Funds appear in order of their absolute rate of return over a common time period, with the highest rate of return appearing first.

**Cycle Analysis**

The index, by definition, automatically has an Up-Cycle of 100. If a manager has an Up-Cycle number higher than 100, the manager has historically captured more than 100% of the rising market. If a manager has a Down-Cycle number of less than 100, the manager has historically captured less than 100% of the falling market.

**Dividend**

A payment issued by a company that distributes a portion of its value, usually in the form of cash.

## **Glossary Of Terms - Continued**

### **Duration**

The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price. (A bond's cash flows consist of coupon payments and repayment of capital). A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, where maturity and duration are equal.

### **Earnings**

Earnings are a company's accounting profits or losses, typically reported four times each year.

### **Emerging Markets**

Countries whose economies are considered emerging or underdeveloped.

### **Fundamental**

A company's underlying financial situation.

### **Growth Style Investing**

Growth investors purchase companies that have above-average earnings growth and/or above-average sales growth rates.

### **Hedging**

A strategy designed to reduce risk by offsetting potential losses from existing investments. This practice is often used in international investing, where investment managers often use hedging techniques to reduce exposure to fluctuating currencies.

### **Investment Vehicle**

The account type that an investor can gain access to an investment manager. Examples of investment vehicles are pooled or commingled funds, mutual funds, separate accounts, and limited partnerships.

### **Large Cap**

Large Capitalization – refers to those companies with a market capitalization of greater than \$10 billion.

### **Liquidity**

The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

### **Market Capitalization**

The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.

### **Median Market Capitalization (\$ Wtd.)**

The market capitalization of the stock that represents the middle of the portfolio's cumulative market value. Half of the portfolio is invested in stocks larger than the median and the other half is invested in stocks smaller than the median.

### **Micro Cap**

Micro Capitalization – refers to those companies with a market capitalization of less than \$500 million.

## **Glossary Of Terms - Continued**

### **Mid Cap**

Mid Capitalization – refers to those companies with a market capitalization between \$2 and \$10 billion.

### **Net of Fees**

After subtraction of management fees.

### **Portfolio**

Refers to the complete list of securities held in an investment vehicle.

### **Price-to-earnings (P/E) ratio**

Calculated by dividing the current share price by the trailing twelve-months earnings per share.

### **Price-to-book (P/B) ratio**

Calculated by dividing the share price by the book value per share.

### **Relative Rank**

"Rank" reflects funds' performance within the full universe of comparable products, which includes similar investment styles and objectives. The rank reflects which percentile the manager's absolute rate of return falls within relative to its peer universe, with 1=highest and 100=lowest.

### **R-Squared (Coefficient of Determination)**

A statistical measure of the degree to which the movements of two variables are related. An R-Squared closer to 1.0 indicates that the two variables tend to behave similarly or that by knowing one variable you can closely estimate the other variable.

### **Sharpe Ratio**

A risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio is calculated for the past 36 month period by dividing a fund's annualized excess returns by the standard deviation of a fund's annualized excess returns.

### **Small Cap**

Small Capitalization – refers to those companies with a market capitalization between \$500 million and \$1.99 billion.

### **Standard Deviation**

Measures the range of returns and is based on a Normal Curve. Managers with lower standard deviations than the index have historically had returns that tended to fall closer to their mean return compared to the index. Managers with higher standard deviations than the index have historically had returns that tended to be further dispersed around the mean than the index. This is another measure of volatility, but it doesn't distinguish downside performance from upside performance.

### **Top-Down Investment Approach**

The investment manager concentrates on analyzing the economy and investment environment to identify attractive economic sectors for investment. In international investing, a top-down investment approach is often used to identify attractive countries or regions for investment.

## **Glossary Of Terms - Continued**

### **Treynor Ratio**

The Treynor ratio is the return premium earned over the risk free rate by the series for each unit of risk taken, with risk measured as the beta of the series or portfolio relative to the market.

### **Value Added**

Based on alpha, value-added shows how much value a manager added, after adjustment for the amount of volatility (risk) that a manager has experienced. A value-added of 1.0 means a manager has added 1% to annualized returns.

### **Value Style Investing**

Value investors rely on an examination of the underlying or unrealized value of a company as the primary criterion for deciding whether or not to buy a company's stock. Value stocks are often priced lower than growth stocks due to slower growth expectations, recent financial difficulty, or a host of other reasons.

### **Years**

This evaluation is based on quarterly return observations from inception for all advisors and the corresponding index.

# Index Descriptions

## **Fixed Income Indices**

### 90-Day Treasury Bills Index

This is Merrill Lynch's index of U.S. Treasury Bills up to 90 days to maturity.

### Lehman Brothers Aggregate Bond Index

The LB Aggregate is a compilation of the LB Government Bond Index, the LB Corporate Bond Index, and the LB Mortgage-Backed Securities Index. The *government bond index* includes all public obligations of the U.S. Treasury (excluding foreign-targeted issues), all publicly issued debt of U.S. government agencies, and corporate debt guaranteed by the U.S. Government. All issues have at least one year to maturity. The *corporate bond index* includes all publicly issued, fixed-rate, non-convertible investment grade domestic corporate debt and Yankee bonds (Yankee bonds are dollar-denominated international bonds that are primarily traded in the U.S.). All issues have at least one year to maturity. The *mortgage-backed securities index* includes all fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA).

### Lehman Brothers Intermediate Government/Credit Bond Index

This index is a combination of the LB Government Bond Index and LB Corporate Bond Index. (See descriptions under *LB Aggregate Bond Index*.) In the intermediate index, all issues have maturities between 1 and 9.9997 years.

## **Balanced Index**

### U.S. Balanced Index

The U.S. Balanced Index is a weighted average of 55% S&P 500 Index, 40% Lehman Brothers Aggregate Index, and 5% 90-Day Treasury Bills.

## Index Descriptions - Continued

### **U.S. Equity Indices**

#### Russell 3000® Index

Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. As of the latest reconstitution (June 30, 2004), the average market capitalization was approximately \$4.4 billion; the median market capitalization was approximately \$822 million. The index had a total market capitalization range of approximately \$176 million to \$317.8 billion.

#### Russell 1000® Index

Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution (June 30, 2004), the average market capitalization was approximately \$12.1 billion; the median market capitalization was approximately \$4.0 billion. The index had a total market capitalization range of approximately \$1.6 billion to \$317.8 billion.

#### Russell 1000® Growth Index

Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

#### Russell 1000® Value Index

Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

#### Russell Midcap Index

Measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 26% of the total market capitalization of the Russell 1000 Index. As of the latest reconstitution (June 30, 2004), the average market capitalization was approximately \$4.2 billion; the median market capitalization was approximately \$3.2 billion. The index had a total market capitalization range of approximately \$1.6 billion to \$12.3 billion.

#### Russell Midcap™ Growth Index

Measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth rates. The stocks are also members of the Russell 1000 Growth index.

#### Russell Midcap™ Value Index

Measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The stocks are also members of the Russell 1000 Value index.

#### Russell 2500™ Index

Measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 17% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution (June 30, 2004), the average market capitalization was approximately \$993 million; the median market capitalization was approximately \$640 million. The index had a total market capitalization range of approximately \$176 million to \$4.0 billion.

#### Russell 2500™ Growth Index

Measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

#### Russell 2500™ Value Index

Measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

## Index Descriptions - Continued

### Russell 2000® Index

Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution (June 30, 2004), the average market capitalization was approximately \$607 million; the median market capitalization was approximately \$496 million. The index had a total market capitalization range of approximately \$176 million to \$1.6 billion.

### Russell 2000® Growth Index

The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

### Russell 2000® Value Index

The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

### S&P 500 Index

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation. It is a market value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. The "500" is one of the most widely used benchmarks of U.S. equity performance. Currently there are approximately 105 industry groups. As of June 30, 2004 the S&P 500 had a weighted average market capitalization of \$90.6 billion and a weighted median market capitalization of \$48.0 billion. (Median market cap indicates that 50% of the total market value is invested in companies of market capitalization's equal to or greater than the median.)

### S&P Midcap 400 Index

The S&P Midcap 400 Index consists of 400 domestic stocks chosen for market size, liquidity, and industry group representation. It is also a market value weighted index and was the first benchmark of midcap stock price movement. As of June 30, 2004, 75.8% of the portfolio value of the index was in mid sized companies (\$2.0-\$10.0 billion market capitalization). The remaining 24.2% was in small companies (<\$2 billion market capitalization). The weighted average market capitalization as June 30, 2004 was \$3.3 billion and the weighted median market capitalization was \$2.9 billion.

### S&P SmallCap 600 Index

The S&P SmallCap 600 Index consists of 600 domestic stocks chosen for market size, liquidity, (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation. It is a market value weighted index (stock price times the number of shares outstanding), with each stock's weight in the Index proportionate to its market value.

### Wilshire 5000 Index

Measures the performance of all U.S. headquartered equity securities with readily available price data. Over 7,000 capitalization weighted security returns are used to adjust the index. The Wilshire 5000 base is its December 31, 1980 capitalization of \$1,404.596 billion.

## Index Descriptions - Continued

### ***International Equity Indices***

#### Morgan Stanley Capital International All Country World Index ex-U.S. (MSCI ACWI ex-U.S.)

The MSCI ACWI ex-US is a market-capitalization-weighted index, combining 48 of the world's developed and emerging markets, excluding the US. As of June 30, 2004, emerging markets exposure was 9.7%; Europe was represented 58.5% Asia/Pacific was 26.7 and Canada was 5.3%. The largest single country weighting was the South Africa at 21.2%, with the United Kingdom following at 17.5%.

#### Morgan Stanley Capital International Europe, Australia, Far East Index (MSCI EAFE)

The MSCI EAFE Index is a market-value-weighted combination of 21 countries, representing the "developed" world. As of June 30, 2004, Europe represented 68.6% and Asia/Pacific 31.4%. Japan was the largest single country weighting at 23.0% followed by The United Kingdom at 22.5%.

#### Morgan Stanley Capital International Emerging Markets Index (MSCI Emerging Markets Free)

The MSCI Emerging Markets Index is a market-value-weighted combination of 26 countries, representing "lesser developed" markets. As of June 30, 2004, Brazil, China, Korea, South Africa, and Taiwan were the largest holdings, each with roughly 8-19%.

#### Morgan Stanley Capital International All Country World Index (MSCI ACWI)

The MSCI ACWI is a market-value-weighted combination of 23 countries, representing the "developed" world and 27 countries representing emerging markets. As of June 30, 2004, the United States was the largest single country weighting representing 52.5% of the index. The United Kingdom was the next largest single country weighting at 10.01%, followed by Japan at 8.97%.



# Notes to Accompany Investment Advisor Statistics

## *Explanation of Characteristics*

**Beta:** Beta measures volatility, which is often equated to “riskiness.” Increased volatility may mean increased risk of a negative return in any given period. Beta must always be calculated relative to a benchmark of some sort. The index has an automatic beta of 1.0. Manager beta of higher than 1.0 indicates greater volatility relative to the benchmark; lower than 1.0 indicates less volatility.

**Alpha:** Alpha is a statistical calculation based on a manager’s beta and the rate of return of the index over the period. It measures whether a manager’s efforts have added to or detracted from expected returns on a risk-adjusted basis. A positive alpha indicates added value and is therefore good.

**Standard Deviation:** This measures the range of returns and is based on a bell curve. Managers with a lower standard deviation than the index have returns which tend to fall closer to their mean return over a certain time period. Managers with a higher standard deviation than the index have returns which tend to be farther-flung. This is another measure of volatility. The higher the standard deviation, the more volatile the manager.

**Sharpe Ratio:** A risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund’s historical risk-adjusted performance. The Sharpe Ratio is calculated by dividing a fund’s annualized excess returns by the standard deviation of a fund’s returns over a certain time period.

**R-Squared:** R-Squared measures the degree to which a manager’s returns are explained by an index return. We use R-Squared to determine the correct index as a manager’s benchmark. An R-Squared of 1.0 indicates that 100% of the manager’s performance is explained by the index. As the R-Squared moves down from 1.0, the characteristics of the manager portfolio become less and less like the given index.

**Cycle Analysis:** The index automatically has an Up-Cycle number of 100. If a manager has an Up-Cycle number greater than 100, that manager captures more than 100% of the index in rising markets. If a manager has a Down-Cycle number of less than 100, that manager does not go down as much as the index in falling markets.

**Relative Rank:** “Rank” reflects funds’ performance within a universe of similarly styled Equity, Fixed or Balanced managers. The number here reflects within which percentile the manager’s absolute rate of return falls, with 1-highest and 100-lowest. The number of managers included in the universe is indicated in the member count.

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